





## NEWS: INTERNATIONAL

# Optimistic Rexrodt expects 1% growth

By Quentin Peel in Bonn

Mr Günter Rexrodt, the German economics minister, yesterday confirmed an official forecast of 1.0 to 1.5 per cent growth in gross domestic product this year, showing considerably more optimism than independent analysts.

He insisted the prediction, based on a significant recovery of exports, steady growth of 6 to 8 per cent in east Germany, low interest rates and moderate wage settlements, was "not optimistic, but serious and realistic".

Speaking in advance of next week's publication of the German government's annual economic report, Mr Rexrodt also set out plans for measures to deregulate the labour market, promote investment by small and medium-sized enterprises, and accelerate privatisation.

The German government and parliament will both move from Bonn to Berlin between 1998 and 2000, leaders of the country's principal political parties agreed at cross-party talks yesterday, writes Quentin Peel.

Total cost of the move, agreed in principle in 1991 in spite of strong opposition in parliament and little popular support, is supposed to be kept to DM20bn, (£7.8bn) including DM2.5bn in compensation payments for Bonn.

Yesterday's agreement at a summit

The economics ministry forecast is significantly higher than that of the government's independent economic advisers - the so-called five wise men - who predict zero growth.

The federation of German banks said yesterday that recovery would only be very gradual because of the low levels of capacity utilisation, low level of industrial orders, and

meeting of party leaders, including the opposition Social Democratic Party (SPD), and the mayors of Bonn and Berlin, is intended to remove lingering uncertainty about the timetable, given the current pressures on the national budget.

Mr Rudolf Scharping, the leader of the SPD, said he doubted the feasibility of moving all the main government ministries to Berlin within two years.

He suggested the process should begin sooner, and that it should also include reforms to amalgamate or streamline

government ministries.

Precise details of the move, which will involve shifting some government jobs back from Berlin to Bonn in compensation, have yet to be set out in a parliamentary law. Eight government ministries will remain entirely based in Bonn, but all ministers' offices will go to Berlin.

The city of Bonn, supported by many politicians in west Germany, has been fighting a staunch rearguard action to delay the process.

further 1,500 job cuts this year after the continuing "catastrophic" pattern of earnings in the industry in the last quarter of 1993.

The latest redundancies come on top of 12,000 job losses already announced by Germany's largest steelmaker, and will affect primarily all the company's long product plants.

Thyssen said it could not make redundancy payments, and asked the state government of North Rhine-Westphalia to provide funding.

Separately, Adam Opel, the German subsidiary of General Motors, announced short-time working in its plants at Bochum, Kaiserslautern and Eisenach during the first quarter of 1994, saying it did not expect "any significant recovery" in the car market this year.

the year, Mr Rexrodt said.

Mr Rexrodt said radical thinking was needed to make labour markets more flexible. He called for more low-wage employment, and a relaxation of tax and social security rules governing employment of cleaners and other household staff.

Thyssen Stahl, the steel-making arm of the Thyssen group, yesterday announced a

and by an increase in oil taxes.

Among measures to promote competition and deregulate the German economy, he promised an amendment to energy legislation giving third parties increased access to the country's gas and electricity grids.

The government forecast still expects an increase of 450,000 in unemployment, to reach more than 3.9m during

the year, Mr Rexrodt said.

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# Finns warm to outsider as election looms

Until a few days ago, the notion that a member of Finland's small Swedish-speaking minority could be voted president of the country was regarded as about as likely as an Englishman winning an Irish election.

But Finns have suddenly begun to talk of the possibility that Mrs Elizabeth Rehn, the defence minister, could emerge from the first round of the presidential election tomorrow as a serious contender.

Mr Martti Ahtisaari, social democrat and a seasoned United Nations diplomat, remains the favourite to win tomorrow and go on to clinch victory in a second round on February 6th. But such is the craving among Finns for a new style of leadership after three years of traumatic recession that the likeable Mrs Rehn, of the tiny Swedish People's Party, has surged in the polls to the extent that she appears to be challenging for second spot in the first ballot.

If she achieves that, the polls indicate that she would have a very real chance of beating Mr Ahtisaari in the second round - better than any of the other nine candidates.

The Finnish president has limited powers. But all the signs are that the head of state elected this year will have much greater influence than the incumbent, Mr Mauno Koivisto. This is partly because the president is being elected by universal suffrage for the first time, giving the winner real political clout, and because the main powers of office are in foreign policy where the big challenges facing Finland now lie.

Top of the list is Finland's application, along with those of Sweden, Norway and Austria, to join the European Union. Associated with this are the questions of how neutral Finland re-orders its strategic stance following the end of the Cold War and its relations with its neighbour and sometime

ruler, Russia. Finns listen to the aggressive utterances of Mr Vladimir Zhirinovskiy, the Russian nationalist leader, with more unease than most.

Mr Ahtisaari appeared well on course to fill the role. With his experience as a UN envoy, in conflicts as diverse as Namibia and former Yugoslavia, he says he is well equipped to steer Finland through the post-Cold War world. He supports Finnish membership of the EU and offers a reassuring policy towards Russia of calm but vigorous co-operation.

Finland craves a new style of leadership, writes Hugh Carnegie

On the recession, that has seen the economy shrink by 15 per cent, Mr Ahtisaari talks of persuading the government to do more to tackle unemployment of almost 20 per cent of the workforce.

The respective candidates of the Centre and Conservative parties, former foreign minister Paavo Väyrynen and Mr Raimo Hakki, have struggled to establish any momentum, despite distancing themselves from the unpopular coalition of which their parties are members. Then, following an impressive performance in a television interview, Mrs Rehn hit them with her late charge.

She seems to have struck several chords, with impeccable timing, that may overcome her twin handicaps of being a member of the government and belonging to the Swedish community, which makes up just 6 per cent of the population.

Mrs Rehn is also an enthusiastic proponent of Finnish membership of the EU. If she and Mr Ahtisaari toy the ballot tomorrow, the run-off will ensure Finland has a president clearly committed to getting the country into the Union.

# Yeltsin ushers out cold war with N-accord

By John Lloyd in Moscow

We have put the last full stop to the last chapter of the cold war," said President Boris Yeltsin yesterday, on signing the agreement between Russia, Ukraine and the US on the transfer of Ukraine's nuclear weapons to Russia. Is it the last full stop?

It promises to be so. But, as officials from all sides privately admitted yesterday, there are uncertainties and dangers ahead before the agreement becomes a reality.

Worked out over the past year, with intensive negotiations between the three sides in Washington this month and last, the deal creates a trilateral relationship in which all sides both give and receive.

First, Ukraine will, over the next 10 months, ship at least 200 warheads - including those from the largest, SS24 missiles - to Russia. Russia will reprocess the highly enriched uranium from these warheads and supply Ukraine with 100 tonnes of low-enriched uranium for its civilian power stations. The US will pay \$60m to Russia for this contract - to be repaid from payments due to Russia under a separate contract for the supply from Russia to the US of highly enriched uranium.

Under separate agreement, the newly-formed US Enrichment Corporation will pay \$11.9bn over 20 years to the Soviet Union for 500 metric tonnes of HEU over the next 20 years.

In constructing the deal, US officials were careful to put the deliveries of the SS24 warheads at the front - since these are weapons which the Ukrainian nationalists would most like to retain and which should thus be hastened out of the country.

Ukraine, with a decision of its parliament last year not to fully ratify the Start 1 treaty (which would cleanse it of nuclear weapons) until some 13 conditions were met, has taken the largest leap. Mr Leonid Kravchuk, Ukrainian president, yesterday said he was justified in signing the agreement because he had met these conditions and that a new parliament would agree to that.

Ukraine has received security guarantees from the US and Russia, which are essentially those already available to it as a member of the Conference for Security and Co-operation in Europe and as a signatory to the Non-Proliferation treaty. These, in sum, come down to guarantees of assistance in the case of attack - though Mr Kravchuk stressed its best guarantee was in continued good relations with its neighbours and in reviving

A dispute over uranium sales is delaying the signing of a comprehensive trade and co-operation accord between the EU and Russia, EU officials said yesterday, AP reports from Brussels.

Moscow wants to increase its sale of uranium under the terms of the proposed accord. France, meanwhile, is seeking more protection for its own producers.

Signing of the accord was twice postponed last year. The EU's top trade official, Sir Leon Brittan, yesterday urged the west to do more to help eastern Europe and Russia.

its economy.

Quite how much financial and other compensation it will receive is cloudy. It is due some \$176m for the dismantling of the tactical nuclear weapons it has already undertaken, and will have that topped up to \$300m in bilateral assistance. It may receive as much as \$1bn in further compensation.

The US has privately told the Ukrainians that they will ask the World Bank for \$90m in immediate adjustment support - even before a credible plan is on the table. However, once economic reform, long stalled, does come to the forefront, "several billion dollars" (according to one senior official) will be put up by the International Monetary Fund and the World Bank. Once this happened, international investment would begin to flow.

Mr Kravchuk also said that a component of the agreement would be a reduction of the \$63,000bn energy debt which his country owes to Russia - though Mr Andrei Kozyrev, denied it to Interfax News Agency yesterday. Mr Viktor Chernomyrdin, Russian prime minister, is said to have agreed at the Commonwealth of Independent States summit last year, to supply cut-price oil and gas to Ukraine.

Beyond these substantive possibilities, there is the more intangible one of Ukraine setting an example for other nuclear powers - one to which Mr Kravchuk attached great importance.

Finally, as Mr Kravchuk admitted, the status of Crimea and the ownership of the Black Sea Fleet remains contentious between the two countries. A nationalist-minded parliament in Russia and a possibly fearful one in Ukraine may not see it, as Mr Kravchuk does, as a "potential bridge of friendship". The full stop has been put to the agreement on paper: not yet in practice.

# Clinton tunes into Europe

By Jurek Martin in Moscow

It really does not make too much difference if it is Peoria or Prague, Malibu or Moscow, Bill Clinton, never an easy man to pin down, is developing a certain consistency of behaviour.

For starters, he will play the saxophone wherever he goes. He did so at a bar in Prague on Tuesday, in Boris Yeltsin's dacha on Thursday in the middle of a meal appropriately featuring lip of moose and undoubtedly would have performed at Klev airport on Wednesday had the Ukrainian army jazz ensemble been rustled up in time to accompany him.

He no longer needs to pack his own horn on Air Force One. He was presented with a new one in Brussels (the saxophone was invented by a Belgian, Adolphe Sachs) and a signed one by Vaclav Havel, the Czech president once better known for making music with words.

The Russian saxophone industry is underdeveloped but Mr Yeltsin managed to come up with a small porcelain figurine featuring Mr Clinton carrying his beloved instrument.

Jazz, of course, is the great American indigenous art form, along with the movies, which Ronald Reagan, about as good an actor as Mr Clinton is a sax player, deployed to some effect.

At least Summertime, a favourite in the Clinton repertoire and an antidote to snowy Moscow, is more uplifting than Bedtime for Bonzo, if less funny.

Next, this president cannot resist crowds, especially if they are to be found in restaurants and food shops, preferably those he remembers frequenting as a student travelling in Europe 25 years ago.

Raised since, like most US politicians, on the rubber chicken circuit, he was irresist-



Clinton, sporting a Russian fur hat, waves to the crowds outside the Kremlin yesterday. Associated Press

ibly and understandably drawn to bread and sausage establishments in Moscow, no longer having to jump queues to get in and paying, like all good Russians are now supposed to, in roubles.

He is also an unstoppable talker. This may happen quasi-formally, as this week he strolled in the Grande Place in Brussels, along the Charles Bridge in Prague and in and around Red Square here, or in his favourite forum, the televised "town meeting," such as took place yesterday afternoon at the Ostankino studios and at the Kmart store in Prague.

Eclectic though he may be, however, his message is also getting consistent. A constant throughout his week in Europe

has been the virtues of continental integration: in the Czech Republic and Russia the emphasis has been more on the virtues of democracy and market-oriented economic reform.

His legendary empathy seems to be applied equally to the high and low. The Russians may be liking Boris Yeltsin less and less but Mr Clinton and the Russian president appear to get on famously, hugging and clutching each other and cracking jokes, presumably about defence conversion. Stern western Europeans, like Jacques Delors and Manfred Wörner, have been charmed out of their socks.

Helmut Kohl was compared to a sumo wrestler and he delicately avoided any discussion

of basic issues, even retrospective ones, with John Major.

In other respects, it has not been an easy week for Mr Clinton. He is reportedly still grieving for his mother, who died last week, and must have had part of his mind on the White-water developments back home in Washington.

This has been a particular frustration for the 200 strong and progressively exhausted travelling White House press corps as it debated whether or not to press him on Whitewater.

The denouement finally came in Kiev when a network TV reporter broke the ice and asked the question. For the first, and only, time this week, Bill Clinton was not amused.

# Ex-Communist is elected speaker

By Leyla Boulton in Moscow

Mr Ivan Rybkin, a true believer who remained in the Communist Party well after it became fashionable to leave, was yesterday elected speaker of Russia's lower chamber of parliament.

A party apparatchik who joined the Agrarian Party just before last month's elections, Mr Rybkin was the agreed candidate of pro-Communists and ultra-nationalists who dominate the newly-elected State Duma. Despite a solid boycott by Russia's Choice and other pro-reformist parties - which narrowed his victory to just one vote - his victory was a consequence of the unity of the more numerous conservatives.

Mr Sergei Shakhrai, head of the small Party of Russian Unity and Accord, said the 47-year-old Mr Rybkin was a capable organiser but would find his independence limited by the fact he owed his election to the support of Vladimir Zhirinovskiy's Liberal Democratic party.

Although neutral figures in most countries, speakers in Russia have tended to influence the decisions of parliament, which is why Mr Rybkin's bid for the post sparked such fierce emotion on both sides of the barricades.

Striking a conciliatory note, Mr Rybkin said yesterday that the polarised parliament was "doomed to co-operate" to ensure its normal functioning.

# Citibank tries to woo Muscovites

By Leyla Boulton

Citibank, braving uncertainty about the rights of western banks in Russia, yesterday became the first to open a subsidiary in Moscow.

The new bank was inaugurated by Mr Lloyd Bentsen, US treasury secretary, in Moscow for the US-Russian summit, and Mr Victor Gerashchenko, Russian central bank chairman. Mr Gerashchenko last year gave licences to a dozen western banks but their terms were curtailed by a presidential decree issued to woo Russian bankers ahead of last month's parliamentary poll.

The decree said banks which received full banking licences but were more than 50 per

cent western-owned could not serve Russian residents until January 1995. This in theory restricted them to offshore banking functions.

President Boris Yeltsin later backtracked on the decree - designed to meet banks' demands for protection from foreign competition - by telling the European Union terms would be softened for their banks. But nothing similar has been said to the Americans, or to third countries such as Turkey, whose Yapi ve Kredi Bankasi has agreed to cut its shareholding in a joint venture with Russia's Tskbank to 50 from 51 per cent in order to evade restrictions imposed by the decree.

## NEWS IN BRIEF

# Taiwan set to lift rice import ban

Taiwan plans to lift its two-decade-old ban on rice imports in 1995 if it can join the General Agreement on Tariffs and Trade (GATT) this year, the government's Council of Agriculture said yesterday. Reuters reports from Taipei.

"The council has decided in principle how to deal with rice imports once Taiwan enters GATT this year," Mr Lee Cheng-chang, head of the council's food and agriculture department, said.

"We would start by importing 1 per cent of our annual rice consumption in 1995 and gradually rise to 4 per cent in the tenth year, similar to South Korea's plans," he said.

Taiwan, stung by two diplomatic defeats at the hands of China this week, said yesterday it may postpone high-level talks with Beijing scheduled for the end of this month.

France and China released a joint statement in which Paris agreed to ban future sales of French arms to Taiwan. The southern African state of Lesotho switched diplomatic recognition to China from Taiwan leaving Taipei recognised by only 28 foreign governments.

Finland cuts interest rates

Finland's central bank is set to cut its base rate to 5.25 per cent from February 1 - the lowest level since 1954, writes Christopher Brown-Humes in Stockholm.

It said the cut from 5.5 per cent had been made possible by the signs of economic recovery, an improvement in Finland's current account deficit and a slowdown in the country's inflation rate.

Spanish inflation rises to 4.9%

A sharp rise in fresh food prices last month pushed Spain's year-on-year headline inflation rate at the end of 1993 up to 4.9 per cent, 0.4 per cent above the government's target, writes Tom Burns in Madrid.

The increase could undermine government efforts to enforce wage moderation this year.

Fresh food prices jumped 1.5 per cent against a rise of 0.5 per cent in December 1992. Rises in other components of the price index were below those of 1992 when headline inflation finished the year at 5.3 per cent.

Underlying inflation, which excludes volatile food and energy prices, ended the year with a rise of 5 per cent, the lowest for more than 20 years and down from 6.8 per cent at the end 1992.

# French press squeezed by falling sales and advertising

Two tabloids are launched, reports Alice Rawsthorn. But this does not hide high costs and declining revenues elsewhere

The Paris news-seller glanced at the colourful front pages of InfoMatin and Aujourd'hui, the new French tabloids. "It's been a good week," he said. "My customers have bought these new papers as well as their usual ones. But it won't go on forever."

So far, both InfoMatin, the morning paper launched on Monday by Le Monde, and Aujourd'hui, which came out 10 days ago as the national version of Le Parisien, the popular Paris tabloid, say their sales are above target. But they are braced for a tough time once the novelty wears off.

The French newspaper industry is in crisis. The recession has caused a sharp fall in

advertising revenue and accelerated the long term sales decline of national dailies, such as Le Monde and Le Figaro.

The industry is so secretive that it is difficult to assess the impact of these problems. All the big titles are in private hands. The enigmatic Mr Robert Hersant owns Le Figaro, the sensationalist France-Soir and a big group of regional papers. Le Monde is controlled by a closed group of shareholders, as is Liberation, the liberal-left daily. Le Parisien belongs to the Armaury family.

But there are signs of strain. The Expansion group last year sold La Tribune and L'Agefi, its financial dailies, to LVMH, the luxury goods company.

Expansion itself was this month rescued by CEP, investment consortium. Le Jour, a new daily launched last year, has closed. Some Hersant titles are said to be up for sale including the loss-making France-Soir.

The worst problem is advertising. The recession has had a devastating effect on classified advertising for recruitment and property. "I know of papers that have lost 80 per cent of their classified advertising in the past two years," says Mr Patrick Jousseume, media analyst at Ferri, the Paris stockbroker.

Display advertising has also declined as mainstream advertisers have trimmed budgets. This problem has been aggravated by the impact of reform in the advertising industry implemented by the old socialist government. The reform was intended to erode the power of specialist media buying groups or agencies. But by transferring responsibility for media buying from the advertisers themselves, it has had the effect of concentrating spending on fewer media: generally spending more on television and less on press.

National newspapers have borne the brunt of the decline. Industry estimates suggest that their advertising revenue has fallen by 27 per cent in the past two years and is set to fall by 10 per cent in 1994. The comparable figures for the regional press are 14 per cent

and 6 per cent.

The nationals' plight is due partly to the advertising reform and partly to their dwindling sales. France's three biggest selling papers are regional: Ouest France with a 770,000 circulation, Le Progrès in Lyon with 450,000 and Le Parisien with 395,000. Le Figaro, the leading national, has seen its sales fall from 432,000 to below 380,000 in the past five years. Le Parisien has just ended its third year of growth.

One reason for the nationals' decline is increased competition from television since the government's deregulation drive in the 1980s, which shook up the old state-controlled system by launching new channels. "People still buy local

papers because they provide news that isn't available on television," says Mr Pierre Flahé, media analyst at Parisbas. "But they've definitely cut down on the nationals."

The newspapers have found it difficult to fight back. They are burdened by high costs due to the power of the trade unions which has left them prey to strikes and with relatively high staffing levels. As a result French newspapers tend to be expensive. Le Monde costs FF77 (80 pence). Even downmarket France-Soir sells for FF55. InfoMatin and Aujourd'hui have tactically adopted lower prices of FF3 and FF33.50 respectively.

But there is little the new launches can do to counter the

rigidity of the distribution system, a monopoly controlled by Les Nouvelles Messageries de la Presse Parisienne. The system is not only expensive but inflexible thereby impeding the nationals' attempts to boost sales outside Paris. Liberation still depends on the Paris region for half its sales.

These long term problems will impede the industry's efforts to overcome the short term pressures of recession. Analysts do not expect the advertising market to recover until next year.

In the meantime the casualties seem set to continue. The only consolation is that there seems to be no shortage of potential rescuers as LVMH's recent acquisitions illustrate.

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## Machinery sales to N Korea may have breached Cocom rules

## Japanese raided over exports

By Michio Nakamoto in Tokyo

Japanese police have raided the offices of several companies suspected of having exported a device to North Korea that could be used to guide ballistic missiles, in breach of Cocom rules banning strategic exports to communist countries.

A police spokesman said the probe involved machinery manufacturers and trading houses but declined to name them.

According to the Yomiuri Shimbun newspaper, the companies are suspected of exporting spectrum analysers to North Korea which might have been used to test the country's ballistic missiles launches.

Under Cocom rules, exports to communist countries of equipment that might be used for military purposes, are strictly regulated.

The offices raided by the police include that of a Yokohama-based trading company

which specialises in trade with China, North Korea and Vietnam.

It is suspected that the trading houses under investigation acquired a number of spectrum analysers which they exported to North Korea, possibly through a third country, five years ago.

While the manufacturer of the spectrum analysers is also being investigated, it is possible that staff did not know where the equipment was bound as sales are com-

monly made through trading companies, police said.

The possibility that spectrum analysers, commonly used to measure the spectrum of radar or telecommunications equipment, had been exported to North Korea from Japan, emerged after North Korea successfully launched its intermediate range ballistic missile, the Rodong 1, in the Sea of Japan last May.

The missile is thought to be capable of reaching any point in western Japan in less than 10 minutes.

There are some suspicions that the equipment exported from Japan several years ago may have been used in the test of the Rodong 1.

Mr Hiroshi Kumagai, Minister of International Trade and Industry said that the ministry would co-operate with the police but also conduct its own investigation into the matter.

## Italian election expected in March

By Robert Graham in Rome

Italy's President Oscar Luigi Scalfaro is expected this weekend to announce the dissolution of parliament and a date for early general elections.

The most likely dates are March 20 or March 27; but some reports said President Scalfaro might let polling day slip into early April after requests from his Christian Democrat party who are upset by the early dissolution.

The dissolution has been brought about by the discrediting of the main parties because of corruption scandals and the limited mandate of the eight-month-old Ciampi government. On Thursday Mr Carlo Azeglio Ciampi, the 73-year-old former governor of the Bank of Italy, resigned. He said he had accomplished his expressed aim of introducing an austerity budget for 1994 and supervising electoral reform.

## Fugitive helps unravel scandal

The decision of Mr Mauro Giallombardo, former personal secretary to Mr Bettino Craxi, the former Socialist leader, to surrender to Milan magistrates is expected to help them establish how much of the corrupt funding of political parties was siphoned off by individuals.

Mr Giallombardo, a fugitive for nearly a year, had set up two finance groups in Luxembourg, Merchant Italia and Merchant Europa, and until last year had links with Luxembourg International Bank.

During the trial in Milan of Mr Sergio Cusani, a financial consultant close to the Socialist Party who acted for the Ferruzzi family, evidence has emerged of regular use of accounts at the latter bank for funds collected from individual businessmen and companies.

The magistrates, with the co-operation of the Luxembourg authorities, have begun to trace these funds.

## Wildlife hero quits after smear attacks

By Julian Ozanne in Nairobi

Corruption and venal personality power politics in Kenya yesterday claimed Mr Richard Leakey, the international face of wildlife conservation and anti-poaching efforts in East Africa.

If Mr Leakey's resignation is accepted by President Daniel Arap Moi it will raise severe doubts among international donors. They have pledged up to \$300m and see Mr Leakey as personally responsible for successes over the past five years to stamp out poaching and improve efficiency and profitability of wildlife - the base of Kenya's tourism industry.

Mr Leakey, whose crusade led to a worldwide ban on the ivory trade, announced his resignation from the Kenya Wildlife Service after a two week smear campaign alleging racism, arrogance and irregular management decisions. The government has set up a probe into Mr Leakey and the KWS Service but refused to make public the terms of reference.

President Moi, who appointed Mr Leakey five years ago at the height of a grave elephant poaching and corruption crisis has remained silent. In the past Mr Moi has often quietly backed smear campaigns against ministers and officials before sacking them.

At the heart of the row is the issue of land allocation in wildlife areas made by Mr Leakey.

Mr Leakey, warned that his resignation would have "far reaching consequences", and said he had resisted attempts at what he called "land grabbing" by politicians. He gave four specific examples including an attempt by "certain political figures" to have 10,000 acres carved out of the Tsavo National Park.

"Has my insistence that the wildlife protected areas be protected from some greedy people been the reason for this charge (of arrogance)? I suspect so," Mr Leakey said. "There are numerous examples where the national interest would have been compromised had I given in."

Close associates and friends of Mr Leakey admit that he is abrasive and can be arrogant. He has built up an independent and powerful fiefdom at KWS and bruised many political egos and created jealousies. Backed by the president and embraced as the darling of international conservation groups, Mr Leakey felt he was untouchable and often acted without too much consultation.

But many say he almost single-handedly restored international credibility to the Kenyan wildlife department which was tarnished throughout the 1980s with corruption, nepotism, political interference, inefficiency and allegations that leading Kenyan families were involved with poaching of ivory and rhino horn.

## GM loses fight over production at Finnish plant

By Kevin Done, Motor Industry Correspondent

General Motors, the US car maker, must continue making cars in Finland until the end of 1996, when its original agreement with Valmet was due to expire.

It must also pay compensation to Valmet for the 15 months from the end of 1992, during which output in Finland has been severely curtailed with the loss to Valmet of around 10,000 cars. The size of the damages was not disclosed.

GM was forced by a German court order last year to resume small volume production in the second half of 1993 pending the outcome of the arbitration.

The US carmaker said that it expected total Calibra output to reach about 27,000 this year, of which about 1,000 a month would be produced in Finland from the beginning of April.

Output of the Calibra began in Finland in March 1991 at a time when GM needed extra capacity in west Europe with record demand for new cars.

Mr David Hermans, chief executive of Opel, GM's German subsidiary, said that the company would incur a cost penalty of DM4,000 - DM5,000 per car for the Calibras produced in Finland.

forced to place 45 per cent of its planned production of the Calibra at the Finnish plant starting in the second quarter of this year and running to the end of 1996, when its original agreement with Valmet was due to expire.

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## Nissan dealer to sell Ford vehicles in Japan

By Michio Nakamoto in Tokyo

A leading dealer linked to Nissan, Japan's second largest carmaker, has agreed to sell cars made by Ford in Japan in a move that could ease trade friction with the US.

Tokyo Nissan Auto Sales, one of Nissan's leading dealers based in central Tokyo, said it reached agreement with Ford on Wednesday to sell the US company's cars in Japan starting this spring.

Details on which models are to be sold and how many have yet to be decided, but the dealer hopes to sell Ford's Taurus, Explorer and the new Mustang cars at stores independently of those selling Nissan cars, the company said. Ford's cars are already sold through 300 Mazda dealers in Japan.

The decision by Nissan to give the go-ahead to a deal between one of its main dealers and a foreign competitor, sends a clear signal to other Japanese car dealers that carmakers are increasingly prepared to relax their grip on the choice of cars their dealers sell.

Nissan, which owns 25 per cent of Tokyo Nissan Sales, said the deal was an issue between Tokyo Nissan Sales and Ford and that it had merely made the introduction.

However, the close links between Japanese carmakers and dealers have, in practice, prevented most dealers from selling cars other than those allotted to them by the manufacturers. This has led to an admission by the country's Fair Trade Commission that dealers are tightly bound to carmakers and has prompted US charges that Japan's car market is closed.

The agreement follows a deal last year between Toyota and GM, the largest of the US big three carmakers, for Toyota to sell 20,000 GM cars through its dealerships in Japan starting in 1996.

It comes as US-Japan tensions have been rising in recent weeks over a lack of progress in a series of bilateral trade talks aimed at increasing foreign penetration of Japan's markets. Disagreements on how to tackle the huge US trade deficit with Japan in car parts have been particularly difficult to bridge.

## Industry federation facing change

## Toyota chief asked to head business group

By William Dawkins in Tokyo

Mr Shoichiro Toyota, the son of one of Japan's great industrial dynasties, has been asked to take over the Keidanren, the leading business federation and lobby group, from the end of May.

Mr Toyota, 58, chairman of Toyota, Japan's largest carmaker, and currently vice chairman of the Keidanren, said yesterday he had been informally approached by Mr Genshi Hiraiwa, 79, the Keidanren's leader who is to retire. Mr Toyota, on a business trip to Britain, will decide on his return.

The change at the top of the federation comes as it is rethinking its political links as a result of the new Japanese government's campaign to weaken the so-called iron triangle of business, bureaucracy and politics that used to run Japan behind the scenes.

Until recently, the front runner for the job was Mr Akiro

Morita, the chairman of Sony, but he withdrew after a brain haemorrhage last month.

His outspoken style, electronics background and position as head of a company founded after the second world war would have made a big change from the Keidanren tradition of choosing diplomatic leaders from older engineering industries.

Mr Toyota, appears on the surface to represent a continuation of the Keidanren's traditional distinguished style. But Mr Hiraiwa feels he would rejuvenate the organisation, said officials.

Mr Toyota is the son of the founder of Toyota Motor and the grandson of the man who founded Toyota Automatic Loom Works in 1926, the car group's predecessor.

Known as a strong management leader, Mr Toyota has spent almost all his professional life in the family firm, taking a break only to write a thesis on fuel injection.



Shoichiro Toyota: promise of rejuvenation

Associated Press

## Venezuelan authorities try to save Banco Latino

By Joseph Mann in Caracas

Venezuelan president, Mr Ramon Velasquez, was meeting yesterday with the country's monetary authorities in an effort to save Banco Latino, the country's second largest commercial bank, which closed its doors after the disclosure it was suffering serious financial problems.

National Guardsmen were posted outside Banco Latino's headquarters in Caracas yesterday and the bank, which has branches nationwide, was closed. There was no indication as to when it might reopen.

The government is seen by financial experts as trying to avoid direct intervention, which could prove to be expensive. It has urged other banks to provide assistance to Banco Latino. Its board said it had

suffered "a criminal rumour campaign" over the past three months that caused the loss of over \$500m (\$237m) in deposits. The Venezuelan financial system was relatively calm yesterday. However, the price of Venezuelan government bonds in the international markets fell as much as 4 per cent yesterday before recovering slightly.

The Minister of Finance, Mr Carlos Rafael Silva, said that the authorities must determine whether Banco Latino's problem is "illiquidity or insolvency".

Banco Latino, which over the past year has offered among the country's highest interest rates on savings and term deposits, began suffering from a severe liquidity crunch last month, and received large sums in rediscounts and advances from the Central

Bank. The situation was not stabilised, however, and on January 12 the bank could not meet its obligations in the national cheque clearing system.

While the true causes of Banco Latino's problems are not yet clear, this troubled financial institution and some other domestic banks have been hit hard by a recession that began last year and that affected their loan portfolios. Ironically, a new banking law stipulating stricter government supervision and control of banks, plus more stringent capital requirements, went into effect on January 1.

At a meeting in the Central Bank Thursday, representatives of Banco Latino reportedly agreed to raise capital by \$18.6m and seek to strengthen the board by adding new domestic and foreign investors.

## Plenty of demand for good Old Masters

By Antony Thornicroft

The works of art that filled the Park Avenue apartment of the late Peter Jay Sharp, the real estate developer who owned the Carlyle Hotel in New York, were sold by Sotheby's in New York on Thursday for \$19.3m. The auction was almost 95 per cent sold by value and 68 of the 77 lots offered found buyers.

The top price was the \$2.3m paid for two imaginary views of Venice by Canaletto, but a greater surprise was the \$2.2m which secured a virtuoso painting of a boy drinking from a glass by the 16th century Italian artist Annibale Carracci.

It was a record for Carracci, and the price more than doubled the pre-sale estimate.

Among the other artist records achieved were the

\$1.65m for "The Presentation in the Temple", a record for a sketch by Rubens; \$1.54m for a portrait of a young man with a recorder by the early 16th century Italian artist Giovanni Savoldo; and the \$1.18m for a portrait of a young man holding a book by Savoldo's contemporary, the Flemish artist Jan Gossaert, called Mabuse.

All the paintings were of high quality but they had only recently been acquired by Sharp and works which reappear quickly for sale rarely do so well. There is obviously a pent-up demand for good Old Master paintings.

Among the furniture the top price was the \$739,500 paid for a set of three Louis XVI cabinets made around 1780 by Adam Weisweiler. They had sold at Sotheby's in 1985, presumably to Mr Sharp, for \$264,000.

## Ignorance underpins soaring Malay stocks

Private investors have piled into shares, with unpredictable results, writes Kieran Cooke

Florrie Chong and her brother Sammy run a unisex hairdressing salon in Kuala Lumpur. Florrie and a team of girls cut the hair, Sammy, who is blind, is much sought after for his head massages.

None of the title chit chat of film stars, football matches or soccer scores at Florrie's. All the talk is about the stock market.

"I told Sammy to sell his shares when they reached M\$10 (2.50) but he won't listen," says Florrie. He bought at M\$2.50 - he thinks they might go still higher."

Stock market fever has gripped Malaysia over much of the last year. In common with most stock markets in Asia, the Kuala Lumpur bourse has been flying high.

The Kuala Lumpur index rose 36 per cent in 1993. Market capitalisation nearly tripled to M\$900bn. Most spectacularly of all, daily turnover has increased from M\$200m 12 months ago to between M\$3bn and M\$4bn now.

Michael Greenall, an investment analyst with Barings Securities in Kuala Lumpur, says: "What makes this market interesting is that it's not been the fund managers and institutions that have been driving shares up. It's the shopkeepers,

housewives, even the civil servants. They are the ones who jam the broking houses. They are the ones who are shouting trading orders down their mobile phones."

In most markets the so-called retail sector accounts for a relatively small amount of share transactions. But in Kuala Lumpur the institutions have been elbowed out by individual buyers, who account for an estimated 70 per cent of share dealings.

"For years people have been parking their money in safe havens overseas," says the head of a local securities house. "Now they are bringing it back. That's a good thing. But it's going into highly speculative stocks. Ignorance is mixing with greed. It's a lethal combination."

Greenall was certainly evident at a recent car crash outside Kuala Lumpur in which four people were killed.

A macabre feature at the site of such accidents is people not leaving the numbers of crashed vehicles - for betting in the lottery. But in this accident one of the cars involved had been delivering share scrip. Passers-by were seen bundling the stolen scrip into their cars and driving away.

Stock market gurus struggle to find rational explanations for the stock market euphoria. Malaysia's economy continues to perform well - outstandingly in comparison with the sluggish western countries. For the sixth year in succession, Malaysia's gross domestic product increased by more than 5 per cent in 1993.

But more cautious market observers say Malaysia's economic fundamentals have not changed much in the last nine months. In fact, with a sharp drop in foreign investment and renewed inflationary pressures, things are not looking quite as rosy as they once were.

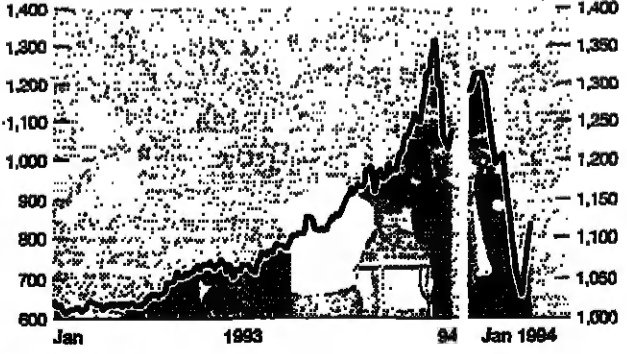
However, stock market punters give short shrift to fundamentals. Like many countries in Asia, politics and business in Malaysia are closely linked. To most stock market traders, the political connections of a company are far more important than price earnings ratios or balance sheets.

While foreign institutions have been investing in blue chips, locals have preferred the smaller, more volatile shares listed on the market's second board, the index of which went up by more than 150 per cent last year.

Union Paper Holdings is a small second board company

## Malaysia

Kuala Lumpur Composite Index



Source: Datastream

involved in manufacturing toilet paper and joss sticks. In the middle of last year rumours were round that Union Paper was about to be taken over by a co-operative linked to the United Malays National Organisation (Umno), Malaysia's dominant political party.

Union Paper's shares went into orbit, rising from M\$1.73 to M\$23. In the event, there was no Umno takeover. Share dealing scandals involving a number of Kuala Lumpur's prominent business people erupted over the affair. Many shareholders got badly burned as the shares dropped back to earth.

gerous stage and the time had come for a big correction.

"Almost everybody is getting into the market," said Mr Daim. "Everybody is busy on the phone. Nobody seems to be working. Everybody talks about shares. This will affect productivity and low productivity will affect our economy."

Mr Daim is no ordinary politician. He is a close confidant of Dr Mahathir Mohamad, Malaysia's prime minister. He is treasurer of the Umno party. Most importantly, he is one of Malaysia's richest men who has been behind many of the country's biggest corporate restructurings - and an avid market player. Mr Daim said he had already "cashed out".

Mr Daim's words had the desired effect. In the following three days the market went down by 14 per cent. Then it seems the government became alarmed that the fall was a little too steep. Mr Daim was again on the front pages of yesterday's papers, saying that the market would bounce back again.

Sure enough it did, rising 10 per cent yesterday. Once again, the market was the only topic of conversation down at Florrie Chong's hair salon. And Sammy still hasn't sold his shares.

## Seoul takes action to cool raging bourse

By John Burton in Seoul

Share prices on the Seoul bourse fell sharply yesterday as the South Korean government proposed measures to dampen what it feared as destabilising speculation in the stock market.

Although the 28 per cent rise in the Korean share index last year was modest compared to other booming Asian markets, government officials have expressed concern in recent weeks that the stock market was becoming overheated.

Measures announced by the government yesterday include requiring institutional investors to make a 30 per cent deposit on stock purchases and discourage banks and other financial institutions, which operate under state supervision, from buying shares.

It will also lift a ban on selling short on stock, which will enable investors to borrow shares from brokerage houses and sell them. The ban was introduced four years ago in an effort to revive the then-sailing bourse.

The government is also demanding that the country's

three big investment trust companies sell stocks to pay back loans from the central bank.

If the measures fail to cool the market, more companies will be allowed to go public and issue new shares to soak up liquidity.

News of the measures, which will go into effect on Monday, sent the Korean general share index down by 19 points to 879, slightly above the year-end closing figure of 866.

"It's disappointing news after the government has tried to build up the market during the last four years," said Mr Peter Thorn, chief representative for W.I. Carr in Seoul.

Many international institutional investors have predicted that Korea would be one of the leading global bourse performers in 1994 since its shares are still considered undervalued.

Some analysts believe that the measures are being taken to slow down sizeable capital inflows from foreign investors, which the government regards as potentially destabilising since it would increase the money supply and led to higher inflation.



# Lloyd's refuses to renegotiate offer to Names

By Richard Lapper

Lloyd's of London yesterday refused to reopen negotiations over its £900m settlement offer, amid increasing indications that a majority of Names - the individuals who have traditionally supported the insurance market - will vote down the deal next month.

Mr Peter Middleton, the chief executive, said Lloyd's had considered a possible suspension of the offer to

allow talks to take place, but rejected the idea because such a move could "give rise to wrong expectations".

He said: "People would infer that we can increase the offer when we can't."

"There isn't going to be another offer," he added. "We aren't going to devote any more time to it. Names have got to understand that this is it."

Two of the biggest groups of loss-

making Names - Gooda Walker and Feltrim - are expected to reject the deal when they meet next week.

Some 3,000 Gooda Walker Names are likely to vote to pursue legal claims for £500m through the courts when they meet on Monday.

The committee of the Feltrim Names Association, which called for fresh talks with Lloyd's earlier this week, has also recommended against acceptance of the offer. Both groups would receive less than 40p in

the pound from the offer. Names must decide on the deal by February 11. Success depends on at least 70 per cent of Names, by value of the offer, voting in favour.

Mr Middleton conceded that the deal was "imperfect" but said it offered "certainty" to loss-making Names. He said errors and omissions (E&O) insurers, which cover Lloyd's agents against legal awards for negligence, would not increase their contribution - understood to be

about £400m - to the settlement package.

The offer document states that between £300m and £1,000m of E&O cover is available to meet claims of £2.8bn by Names covered by the deal.

Mr Middleton said not all this cover would be triggered by successful legal action, however. If Names rejected the offer it would be unlikely that Lloyd's could revive the deal, he predicted.

"My concern is that a number of Names will reject the offer and regret it," he said.

Mr Middleton sought to play down the impact of rejection on Lloyd's business prospects. These are now viewed as more positive after increases in insurance rates and a much stronger inflow of capital into the market.

"If they think they'll do better in the courts that's fine by me," he said.

## Building societies lobby for PIA

By Alison Smith

The battle in the life insurance industry over the future regulatory system is intensifying, with supporters of self-regulation through the planned Personal Investment Authority becoming more vocal.

Following a meeting of the Building Societies Association council this week, Mr Geoffrey Lister, its chairman, has written to the Financial Times to express the sector's backing for the PIA as currently envisaged.

"Building societies believe that the PIA offers an excellent chance of providing the necessary reassurance to customers that the industry truly has their best interests at heart, while at the same time ensuring that the industry view is heard," he says in a letter which is published today.

His intervention follows a statement this week from Standard Life, one of the UK's largest life insurance companies. It is withdrawing support from the PIA on the basis that with only nine industry practitioners on its 19-strong board, it does not amount to self-regulation.

Standard Life's move, and its call for statutory regulation instead, has highlighted the divide among life insurance companies over the issue.

Mr George Greener, chairman of Allied Dunbar Assurance and of Eagle Star Holdings, believes the industry has put so much effort into self-regulation that it must continue to show that it can make that system work.

To win support across the industry, he proposes that the PIA sets up a supervisory board, with a majority of public interest members, to oversee an executive committee made up of practitioners.

Scottish life companies have already become openly divided, with Scottish Amicable backing Standard Life, but Scottish Widows and Scottish Provident supporting the PIA.

Allied Dunbar, the financial services subsidiary of BAT, is also about to declare its support for the PIA.

Letters, Page 7

## Capital issues hit record £35.2bn

Capital-raising issues worth a record £35.2bn were announced by the UK corporate sector in 1993, according to figures released by the Bank of England yesterday, Philip Coggan writes. The total in 1992 was £17.3bn.

Almost £17bn of ordinary share issues were announced in 1993, compared with £6.5bn in 1992. Financial institutions announced £15.3bn of capital-raising issues, higher than 1991 and 1992 combined.

Bank of England figures show that, after redemptions, net issues by UK borrowers in 1993 were £30bn. This volume failed to dent the bond and equity markets, which provided investors with returns of more than 20 per cent.

## Warning of more coal mine closures

British Coal yesterday warned that more closures among the remaining 25 operating pits were inevitable.

But Mr Andrew Horsler, commercial director, said that the programme of restructuring was nearing its end.

Meanwhile a management buy-out team at the Betws pit in south Wales said it hoped to resume mining this spring after British Coal indicated that it was the preferred candidate to operate the mine.

## Court hearing over Nadir bail

Mr Ramadan Guney, the businessman who stood bail of £1m for Mr Asil Nadir, yesterday asked the High Court to overturn an order that he should pay £825,000 after the fugitive businessman's flight to northern Cyprus.

His lawyers claim that errors made by the Polly Peck trial judge in handling the bail procedures mean Mr Guney is no longer liable to pay any money. Judgment was reserved.

## Paper launched on TV adverts

The Independent Television Commission plans to announce the results of a review of the rules governing television advertising by March.

Yesterday the ITC published a consultation document on the issue putting forward a range of options for change. The ITC does not usually give permission for sales houses selling more than 25 per cent of the total advertising by revenue of the TV companies.

## Investors may get compensation

Customers of three financial services firms who have been declared "in default" may be eligible for compensation, the Investors Compensation Scheme said yesterday.

The three, former members of Fimbra, the self-regulatory organisation for financial advisers, are Brokeraid, trading as Morgan Associates of Worthing; Higbelle Financial Services of Lymington; and Sitla Fund Managers of Bishop's Cleeve.

## Savings figures

Total gross sales of National Savings products in December amounted to £576m. After repayments of £254m, the net contribution to government funding was £322m. Sales included £88m in Income Bonds, £44m in Premium Bonds and £23m each in fixed-interest certificates and Capital Bonds. Total investment at the end of December was £46.4bn.

## Lottery bidder

The Tote, the pooled racecourse betting organisation, yesterday confirmed that it was part of a consortium planning to bid for the licence to operate the National Lottery. The consortium includes GEC, Thorn EMI and Autobot Corporation. It said it would not discuss its bid in public.



John Hume briefs journalists in Downing Street after yesterday's meeting with John Major

## Adams fails to lift ban as Ulster talks continue

By David Owen

Mr Gerry Adams, the president of Sinn Féin, the political wing of the IRA, yesterday failed in his appeal against an exclusion order keeping him out of mainland Britain.

The move came as the London and Dublin governments signalled their determination to press ahead with talks on the province's future irrespective of whether the republican movement agrees to embrace the UK's peace initiative.

Mr Adams said the decision to reinstate his ban was "a gratuitous reaffirmation of John Major's arrogant refusal to engage meaningfully and positively" in the peace process.

Republican leaders have still not given a definitive response

to last month's Downing Street declaration. The British government now believes that the odds are stacked heavily against an early end to IRA violence.

Downing Street said yesterday that talks - co-ordinated by Mr Michael Ancram, Northern Ireland minister - had continued this week with a meeting with the Ulster Unionists.

Mr Ancram is to meet representatives of the mainly Catholic Social Democratic and Labour party later this month.

A 40-minute meeting at Downing Street between Mr John Major, the prime minister, and Mr John Hume, the SDLP leader, yesterday failed to bridge differences between them over whether London should respond to Sinn Féin's

demands for clarification of last month's joint declaration.

But Mr Hume left the "very constructive" meeting in a relatively upbeat mood. He was "very very encouraged" by the fact that Ulster remained at the top of Mr Major's agenda.

Appealing for patience, Mr Hume said he still thought peace was "very very possible". He added: "I do not have a gloomy prospect."

Downing Street said it welcomed Mr Hume's "strong support" for the joint declaration. Mr Major was keeping in close contact with leaders of the other constitutional parties.

Mr Hume confirmed that his contacts with Mr Adams to discuss possible progress on the peace process would continue.

## Accountants seek liability limits

By Andrew Jack

Britain's largest accountancy firms have begun putting pressure on clients to agree to limits on their liability when providing them with professional services.

Several of the biggest eight firms have started to introduce into contracts for work a maximum multiple of the fee they would pay out in compensation if the client sought redress.

They have suggested the limitations in higher risk areas such as due diligence investigations and valuations in corporate finance deals, and when conducting internal audit work for companies.

The initiative was triggered by Arthur Andersen as part of the firm's leading role in

efforts to reform companies' legislation which forbids accountants from limiting their liability on audit work. The firms have attempted to steer clear of breaching any contracts legislation.

Mr Chris Nunn, a senior technical partner with the firm, confirmed yesterday that the idea had been running over several months among several accountancy firms. He said its launch reflected the desire to develop a consistent approach across all accountancy services in line with lobbying efforts to allow auditors to limit liability.

"We have had a sensible discussion between the firms," he said. "We want to compete on quality and value for money, not on who is prepared to underwrite the biggest risk."

He said the multiple agreed was generally between five and 10 times the fee, and sometimes with far simpler agreements for reimbursement if the client was dissatisfied.

Mr Nunn said that most clients had been receptive to the idea of limiting liability. He said firms would be reluctant to work for those who were not, since they were seeking guarantees rather than professional advice.

In spite of many high-profile audit negligence actions - such as surrounding the collapsed Bank of Credit and Commerce International - many writs against firms relate to their activities in areas other than audit work. These include acquisition advisory and tax work.

KPMG Peat Marwick has in the past few weeks submitted two tender proposals to companies to run their internal audit work, with liability limited in one case to twice and one to about five times the fee.

Mr Jerry Acher, head of accounting and auditing, said his firm was considering proposals to limit liability in other specialisms during the year, such as investigations and public-sector consulting.

"Litigation is blunting the effectiveness of the audit process," he said. "This will enable us to provide the proper service without having to watch over our shoulders. I would be prepared to take a small discount on our fees as part of the cost of practice protection."

## Banks expect rise in rate of job cuts

By John Gapper, Banking Editor

Banks expect to shed jobs at an increasing rate in the first quarter of 1994, says a quarterly survey carried out by the Confederation of British Industry and Coopers & Lybrand, the accounting firm.

The survey's release follows announcements of 7,200 extra redundancies this week by Barclays and National Westminster Bank. It found that job reductions in financial services as a whole were expected to be slower than in the last quarter of 1993.

Income from fees, commissions and trading rose in the

fourth quarter of last year at the fastest rate recorded since the survey started in 1989.

The survey found activity in financial services had risen markedly in the past three months, with profitability increasing in all sectors. The volume of business was expected to rise more strongly in this quarter.

Confidence among financial services companies rose for the fifth successive quarter but securities traders were less optimistic than in September.

Mr Angus Hishop, a Coopers partner, said financial services companies were keen to cut costs and staff, even with an upturn in business.

## Labour councillors attack Anger over 'the all-round con'

By John Authers

Labour yesterday sought to intensify pressure on the Conservative-controlled Brent council by alleging that the London borough of Brent, Conservative-controlled since 1981, had used similar housing policies to neighbouring Westminster city council.

The charges were denied by the chairman of Brent's housing committee, who said: "The amount of gerrymandering the Labour authorities have done is quite staggering, but they can always turn around and say they have a duty to house the homeless."

Brent has introduced a "portable right to buy" scheme in which tenants who do not want to buy in their own area are allowed to buy in an area which is "more desirable". Flats are kept empty while buyers are sought.

Mr Cyril Shaw, Labour's housing spokesman on the council, said that about 200

properties are left empty at any one time.

Housing associations, whose tenants are thought likely to vote Labour, are not being given permission to build in the more affluent north of the borough, where Tory MP is Sir Rhodes Boyson.

The bulk of the most attractive sites for new housing associations are in the north, say housing experts. Yet investment is being concentrated in the south of the borough, which is Labour-dominated and represented in parliament by the Labour MPs Mr Ken Livingstone and Mr Paul Boateng.

Conservatives refused planning permission for a scheme by Paddington Churches Housing Association to build 10 new flats in Sudbury, which is in Gladstone, the most marginal ward in the borough.

Mr Irwin Van Colle, chairman of the housing committee, said: "We have been deluged as

an administration with complaints from owner-occupiers who've suddenly found that the new development that was supposedly going to be private-sector homes suddenly becomes social housing with homeless families in the midst of their area."

"We perceive it as a perfectly reasonable thing to represent the views of owner-occupiers who have just as many rights as homeless families."

He said the council's policy was to return housing associations to their "original purpose" of rehabilitating houses. A motion by Labour councillors for the next council meeting says: "In the light of the revelations of gerrymandering by Westminster, we censure this administration for following precisely the same type of immoral policies which have resulted in houses staying empty for over a year, and properties required by the community being sold."



Robert Fox: "The council kept punching away at us to buy"

The Warwick and Brinkley estate is sandwiched between the Westway motorway and the Harrow Road in a poor backwater of Westminster, in the marginal Little Venice ward.

In the late 1980s it was one of the areas targeted - according to the district auditor this week - for the council's designated sales policy, under which empty flats were sold off. The ward was won from Labour by the Tories in the 1990 local elections.

Tenants in the six tower blocks who yielded to council pressure to buy their properties are bitterly regretting their decisions.

They say any savings from ownership are cancelled out by service and other charges which they pay and tenants do not. More importantly, because only a few properties were sold-off, there is no market and they cannot sell their flats.

Only 35 of the 600 flats were sold before the designated sales policy came to an end in that estate in 1993.

Since then the council has been moving in homeless families from bed-and-breakfast accommodation and others who cannot afford to pay rent.

Mrs Winifred Donald, a retired London Transport worker, says: "In the mid-1980s whenever a property became vacant, they put a steel door on to prevent squatters. The council told us the properties would be sold."

"We have lived here since the beginning 30 years ago. We bought in 1967 because it was so cheap. We paid £17,000 which was about 30 per cent of its value, although there was an indemnity which we paid off over five years. But now they have moved all these income-support people in. I've nothing against them, mind, but we will never sell the place now. I voted Conservative last time - I am certainly not going to vote Conservative next time."

Mrs Donald wanted to sell the property for £50,000 and move near to her son in Reading. She says: "We have had no

interest, and they've loaded charges on to us. We have been conned."

Mr Robert Fox, 72, a retired brewery worker has also been soured by the experience.

"They [the council] kept punching away at us to buy. They said it would be cheaper than renting and that they wanted to sell the whole block," he says.

"We bought because I've got two boys and I thought it would give them a bit of security. I bought it for £15,000 with a £10,000 indemnity. Even with the indemnity this was only 40 per cent of its face value. I bought it out of savings."

"But now they are putting all these charges on us. We have to pay £450 for rates and a concierge they want to put in. They want thousands from us for repairs to the outside of the building. I could not sell the place even if I wanted to although it is supposed to be worth £80,000. It's been one all-round con."

Stewart Dalby

## Tories divided over Westminster effect on May elections

By James Blitz

With Britain's local council elections just four months away, allegations of gerrymandering by Westminster city councillors could not have come at a worse time for the Tory party.

But in the face of newspaper headlines about how the Conservative-held council sold homes for votes, Tory MPs remain divided over how much damage the allegations would do to the party in May's polls.

The most pessimistic assessment came from an MP who, until this week's events, had thought that the Conservatives would fare very badly in May's elections. "It now appears that we will be utterly wiped out," he said, recalling that the Conservatives control only one metropolitan council outside London.

His fear was that, like the Scott arms-for-Iraq inquiry, the accusation of gerrymandering would hang over the Tories until it was resolved in the

view of many other council officials outside his office.

None of these documents were related to the inquiry by Mr John Magill, the district auditor.

"If I had disposed of incriminating documents in this way, a lot of people would have seen me," he said.

Mr Phillips, a former civil servant at the Department of the Environment, left Westminster city council to become a director of NB Selection, a London recruitment company.

He will be studying the full version of the report over the next few weeks and will send his views to Mr Magill.

Mr Bull Phillips, the former managing director of Westminster city council, said yesterday that he was "appalled" at the findings of the district auditor's report and denied he was involved in a cover-up. Peter Marsh writes.

Mr Phillips said he "did not knowingly do anything improper or illegal" when working for the council.

He said that allegations that he had shredded documents relevant to the district auditor's inquiry were "complete and utter rubbish".

He said that during his four years as managing director until 1991 he routinely disposed of documents using a shredding machine in full

debate about the whole process by which district auditors investigate these matters," the MP said.

In a robust radio interview, Lord Tebbit, the former Conservative party chairman, put the point more bluntly. "What we know is that an accountant has made certain allegations about politics," he said. "What we also know is that Westminster council has been an excellent council."

One backbencher said Mr John Magill, the district auditor in Westminster, had acted unwisely when criticising councillors this week. The MP echoed remarks by Lord Hailsham, the former lord chancellor, that "grave charges ought not to be made unless the person accused has the right to rebut".

"There needs to be a big

### THE THIN BLUE LINE

What the Conservatives are defending in May's council elections

English Metropolitan Districts (36 councils)	Welsh districts (4 councils)
Conservative.....1	Labour.....4
Labour.....25	London boroughs (32 councils)
Hung.....10	Conservative.....11
	Labour.....18
English non-metropolitan districts (114 councils)	Liberal Democrat.....3
Conservative.....20	Hung.....3
Labour.....41	Scottish regions/islands (12 councils)
Liberal Democrat.....7	Labour.....4
Hung.....45	Independent.....4
Independent.....1	Hung.....3
	Other.....1

Other MPs believed that Tory campaigners would have plenty of ammunition with which to highlight potentially illegal practices by councillors in Labour-held boroughs.

One MP recalled a district auditor's report last May claiming that Lambeth council in London was owed £173m in unpaid rent, poll tax and debts. "By not collecting rent, Lambeth ensures that Labour voters stay in the borough," he

said. "I just don't see how that is worse than what might have happened in Westminster."

He recalled that Mr Herbert Morrison, a prominent member of the post-war Labour government, had threatened to "build the Conservatives' out of London by constructing council houses. Dame Shirley said simply done the opposite, he said. "Since the war, Labour and Tory governments have had housing policies which

resulted in advantageous voting swings in key constituencies," he said.

But he was realistic, too, about the political consequences of this week's scandals on the local elections, which will help to determine whether Mr John Major survives the year as prime minister.

"A great deal of mud has been flying around," he said, "and it's mud that will probably stick."



## Pressure on Patten eases as two unions lift boycott

By John Authers

Pressure on Mr John Patten, the education secretary, eased yesterday when two teachers' unions told members to lift their boycott of national curriculum tests in England and Wales.

The decisions by the ATL and the NASUWT mean that this year's tests are virtually certain to take place. They would also isolate the NUT, the largest teaching union.

Last year all three unions boycotted the tests. This forced the government to abandon its planned school league tables based on test results, and to order a review of the curriculum by Sir Ron Dearing, chairman of the Schools Curriculum and Assessment Authority. This year's tests have been halved in length, Sir Ron says.

Mr Doug McAvoy, NUT general secretary, predicted that the union would continue its boycott after it had finished consulting its members this month. He said: "The decisions of the ATL and the NASUWT will break the unity established last year. That is unfortunate. It will create confusion among teachers and parents."

Mr Nigel de Gruchy, NASUWT general secretary,

said: "The executive decided to lift the boycott in recognition of the enormous amount of progress that has been made."

Mr Peter Smith, ATL general secretary, said: "Original concern with the national curriculum tests, later expressed in the ballot of ATL members, was centred upon excessive workload. It is absolutely clear that the tests are now to be shorter and easier to administer."

The ATL and the NASUWT are recommending that the boycott of teachers' assessment of pupils connected to the curriculum should continue where this is "excessive". This centres around the "tick-lists" of statements of attainment which teachers must complete, amounting to about 20,000 reports per school year for a typical teacher.

But Sir Ron swiftly indicated that he did not believe that this would be a serious point of contention. He said he urged teachers to "burn their tick-lists" and avoid assessments which were plainly unnecessary, although he made it clear that teachers should still carry out enough assessment to report to parents.

The Department for Education welcomed the decisions.

## Welsh windfarm venture rejected

By Roland Adurburgh, Wales and West Correspondent

Evidence of growing opposition to windfarms in Wales has come with the rejection of an application to erect 20 turbines on a hill overlooking the historic town of Kidwelly on the south-west coast.

Councillors at Llanelli, the planning authority, voted unanimously to refuse the application by Westwind Generators of Penarth, South Glamorgan. More than 400 people signed a petition against the farm, which was also opposed by Dyfed County Council.

The 500kW turbines would have been 40m high to the hub, with 40m diameter blades. Llanelli council said they would be "seriously detrimental" to the landscape and create a noise nuisance. Cadw, the organisation responsible for Welsh historic monuments, said the farm would be an "alien backdrop" to 11th-century Kidwelly Castle.

Dyfed County Council also opposed an application by the company to erect 20 turbines at nearby Ffynside. Carmarthen District Council is due to rule on that application on Tuesday with a recommendation by its officers to refuse it.

## Simpler credit licensing sought

By Robert Rice, Legal Correspondent

The government is proposing to simplify the consumer credit licensing system as part of its drive to cut the burden of red tape on business.

The Office of Fair Trading issued a consultation document yesterday which canvasses the idea of extending the system of group consumer credit licences to trade associations, professional bodies and non-commercial organisations to reduce the need for traders to apply for individual licences.

A consumer credit licence is required to carry on one or more activities of consumer credit, consumer hire, credit brokerage, debt adjusting, debt counselling, debt collecting and credit reference agency.

At present there are some 350,000 consumer credit licences in existence. Only 15 are group licences. Each must be renewed every five years, placing a considerable burden on traders and administrators. Last year the OFT issued almost 19,000 new licences and 4,718 renewals.

Extending the group licence to trade associations and other non-commercial organisations would allow members of such

groups to be covered by one licence. Responsibility for regulating members and ensuring they were fit to offer consumer credit would pass to the association or group.

Mr John Mills, OFT director of consumer affairs, said it was looking at ways of encouraging more self-regulation while maintaining high levels of consumer protection.

He said the OFT's policy until now had been to confine group licences to a few professional bodies and advisory organisations. But there might be other organisations which would also be able to take on the obligations of a group licensee.

The Law Society is the largest current group licence holder, covering 68,596 solicitors in England and Wales. Other group licences are held by bodies which represent solicitors, accountants and chartered surveyors throughout the UK.

Such licences do not authorise any of those covered by them to canvass debtors, creditors, supplier or regulated consumer hire agreements off trade premises - anyone wishing to do so needs a standard licence specifically authorising that activity.

## Caterpillar offers staff de-recognition deal

By Robert Taylor, Labour Correspondent

Caterpillar (UK), the subsidiary of the world's largest manufacturer of earth moving and construction equipment, is asking white-collar staff to give up collective bargaining and accept de-recognition of their unions in return for lump-sum payments of £500 plus a 2 per cent pay rise.

Officials of the unions concerned - the MSF technical union and the Apex white-collar section of the GMB general union - fear that if Caterpillar succeeds with its non-union strategy, other engineering companies will follow its example.

"We are worried this could have a bandwagon effect," said one union official. Caterpillar is a member of the Engineering

Employers Federation which the unions say has advised the company.

Senior technical staff members of MSF at the company's Desford, Leicestershire plant outside Leicester agreed this week to accept the company's proposal by a majority of 80 per cent to 20 per cent in a secret workplace ballot.

Caterpillar intends to give workers individual contracts of

employment and to introduce an incentive compensation plan relating future pay to individual performance, with the possibility of wage increases of up to 14 per cent.

A staff council is to be established, without negotiating rights, together with a company legal protection plan to provide staff with legal advice. Staff will also receive in-house medical check-ups. Apex is to

ballot Caterpillar clerical staff on the deal next week, and MSF will ballot the rest of the technical grades. Both recommend rejection.

The company's 600 manual workers - members of the AEEU engineering and electrical union - are expected to receive a similar offer from Caterpillar when their one-year agreement ends in November.

The company said yesterday

that it had put the proposals to its clerical and technical staff on January 7 and given them two weeks to consider them.

"Since any decision made by employees will be entirely voluntary, it would be inappropriate for the company to comment on it publicly at this time," Caterpillar added.

Caterpillar said the proposal was part of a strategy to expand employee involvement.



Peter Brooke, the heritage secretary, on a soap box yesterday at Speakers' Corner in London's Hyde Park, launching a competition for ideas to refurbish the area. Photograph: Ashley Ashwood

## Transport executives win aid for rail sell-off costs

By James Buxton

Passenger transport executives, which provide subsidised rail services in Britain's main conurbations outside London, are to receive grants from the government to offset extra costs caused by rail privatisation.

The grants will cover increased charges for track use and for operating rolling stock likely to be imposed when the railways are restructured after April 1. The Department of Transport said yesterday that the grants would continue indefinitely.

The cost of the subsidy is not known. It depends on the

charges levied on the train operators by Railtrack, the state-owned company which will manage British Rail's infrastructure from April 1, and these have not yet been set.

At present BR provides rail services for the PTEs which cover the Strathclyde conurbation around Glasgow and the Manchester, Newcastle upon Tyne, West Yorkshire and Birmingham areas. The local authorities controlling the PTEs determine fares and subsidise the services out of their revenues.

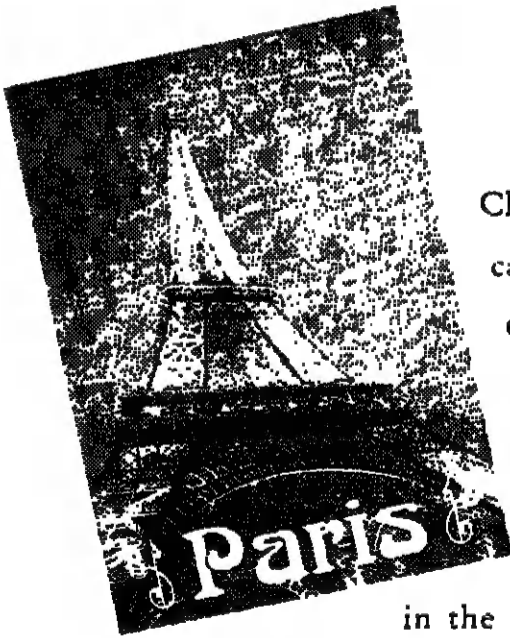
From April 1 services in Strathclyde will be provided by ScotRail operating as a shadow

franchise. Within a year the franchise will be offered to private-sector operators.

Lord James Douglas-Hamilton, a Scottish Office minister, has told Strathclyde region, which controls the area's PTE, that the Scottish Office will cover fully the extra costs it may incur in 1995 "as a result of restructuring the railway and introducing new track and rolling-stock charging regimes".

The English PTEs will receive the subsidy direct from the Department of Transport in the first year, and thereafter from the Department of the Environment through its revenue support grants.

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## FINANCIAL TIMES

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Saturday January 15 1994

## Watchdogs are required

This has been another week that the Conservative government would rather forget.

It began with a wave of scandal breaking around the government's supporters in Parliament. This ebbed somewhat with the announcement of the death of Lady Cathness, wife of the junior transport minister whose marriage was said to be in difficulty. But confusion has continued over exactly what the prime minister meant with his back to basics campaign. Even if he did not mean it to apply to ministers' behaviour, Conservative party members seem to think that it should. Mr Major has looked indecisive in his unwillingness to enforce the new morality on his own ministers.

The week ended with accusations of gerrymandering in the London Borough of Westminster. This flagship of Conservative local government was fitted throughout the 1980s for its slick management and entrepreneurialism. According to the district auditor, it was also using public money for electoral advantage. Council flats were sold and homeless families ejected from marginal wards to keep the borough Conservative.

More bad news is likely to follow. Taxpayers will feel the impact of hefty tax increases announced in the last two Budgets at the start of the new financial year in April. Local authority elections in May will provide an early opportunity for the voters in London and other urban areas to register dissatisfaction. And Conservative expectations for the European elections in June are already being talked down.

On Monday, Mr Major must appear in front of the Scott inquiry, which is investigating the scandal over the sale of arms to Iraq. The public interrogation of the prime minister by such a tribunal is unprecedented in recent British history. It is also likely to prove an uncomfortable experience - as a succession of serving and former cabinet ministers have already found.

### Best way

Lord Howe, the former foreign secretary, voiced the concern of senior officials this week when he accused Lord Justice Scott of acting as "detective, inquisitor, advocate and judge". Yet the inquiry's procedures are the best way to uncover the truth in a reasonable time to the satisfaction of the public. When the inquiry's report appears later in the year, it must be able to explain how three businessmen came to be prosecuted for selling arms to Iraq when they had done it with the encouragement of a government department. There is, of course, nothing new in duplicity, deceit or corruption

in government. It is arguable that the democratic process is based on a potentially corrupt bargain between voters and politicians. The latter bid for the former's support by promising higher incomes, lower taxes or more "free" services. The voters award the prize to the politicians who makes the best and most plausible offer. Those who fail to deliver, however, can expect to be found out and penalised in future elections.

### Dividing line

And it will always be tempting for politicians to use the power of government to improve their chances of holding on to it. Herbert Morrison, the Labour leader of the old London county council, bragged that he would "build the Conservatives out of London" by building council homes for Labour-voting tenants. Many Conservatives believed that selling council homes to their tenants would convert them into Tory voters. But while the dividing line between legitimate housing policy and gerrymandering can be a fine one, it can be drawn. If a council builds homes or sells them off with the objective of changing the voting patterns of marginal wards, that line has been crossed.

The dangers that power will be abused increase when there are long periods of single-party rule. Parties which face no real challenge at the ballot box increasingly discount the legislative niceties. Policy changes over arms sales which could be embarrassing internationally are slipped through without bothering to tell Parliament. Ministers avoid telling lies - but they do not feel obliged to tell the whole truth either. They appoint their own supporters to key posts in quangos or to plum jobs in local government. Their officials forget their duty to serve the public good and become enmeshed in party politics.

The checks and balances need to be cultivated and strengthened in one-party states, whether at local or national level. Much more information needs to be provided about decisions, for example, so that secrecy does not conceal corruption. An appointments commission should oversee the thousands of appointments to the growing numbers of quangos. Protecting the independence of public servants from undue political pressures may require new measures, including an independent appeals procedure if they feel pressured to act improperly. Above all, close scrutiny of the executive is required. The district auditor has proved his worth. The Audit Commission, the National Audit Office and the various ombudsmen can all help in preserving standards. The press, too, has a role to play.

**M**r John Kemp-Welch, the joint senior partner of Cazenove and Company whose appointment as chairman of the London Stock Exchange was confirmed this week, combines the patrician charm and driving ambition common to many partners in his stockbroking firm.

He can appear a self-effacing countryman, whose main interests are walking near his Perthshire home and shooting gamebirds.

But as joint senior partner since 1980 of London's most conservative and discreet stockbroker, he has shown business acumen. While rival brokers have expanded recklessly and experienced volatile swings in profits, Cazenove has developed more gradually.

Its partners are proud of the fact that, as far as they know, the firm has never made a loss in any quarter in its 170-year history. In the past two years it has earned more than ever before, they say - though figures have never been published to show the firm's performance.

The recent fortunes of the Stock Exchange have been less blessed. Most damaging was the cancellation last March of the Taurus project to modernise the antiquated system for settling and registering share transactions. This prompted the resignation of Mr Peter Rawlins as the exchange's chief executive.

New and powerful competitive challenges to the exchange have also emerged. Continental houses such as in Paris, are taking active steps to regain the cross-border trade in shares - involving investors from their own country - that they have lost to London. Attempts are also being made by TradePoint and other financial services companies to establish systems for buying and selling UK shares in direct competition with the exchange's own system, called Seag.

Meanwhile, the exchange has been slow to agree a plan to establish a market for shares in young companies. This market would replace the Unlisted Securities Market, which the exchange has decided to close in 1996 because it has lost its distinctive identity.

So the appointment of Mr Kemp-Welch comes at a delicate moment in the exchange's 250-year history. The choice of the 57-year-old Cazenove man represents a serious desire by the exchange and its members to modernise the institution, but it also marks a recognition that some of its traditions must be preserved: it was his ability to preserve parts of Cazenove's culture while adapting the firm to unprecedented changes in market practices that has given Mr Kemp-Welch the best track record as a business manager of any recent exchange chairman. Cazenove was, for example, the only leading firm to retain a partnership structure at the time of the "Big Bang" deregulation of the London financial market in 1986.

"I can't think of anyone better to do the job," commented Peter Meierzhagen, chairman of Hoare Govett, one of Cazenove's rivals, whose father was Mr Kemp-Welch's predecessor at Cazenove. "But I was quite surprised he took it."

This surprise stems from a long-standing reluctance on the part of successful brokers to become intimately involved in the management of the exchange because it was regarded as dull and boring. The chairman of a rival securities firm said: "There used to be a widely held view that the market was pretty robust, that it would look after itself and we could just concentrate on making money. But we

Is the new chairman of the London Stock Exchange the right man for the job, ask Robert Peston and Norma Cohen

## Country gent in exchange of fire

have all woken up to the fact that the success of each firm depends to a considerable extent on the efficiency of systems operated by the exchange."

For instance, the system for settling transactions and recording share ownership has been in need of replacement for a decade. So the collapse of the Taurus project fully to computerise the operations has been a painful lesson. It cost the exchange and its members hundreds of millions of pounds, and showed individual firms that complacency about the exchange could be dangerous.

Another reminder of the need to be involved in the exchange's affairs came in November, when the ageing Seag system for displaying share price information to members broke down for four hours when a computer component failed.

The current chairman, Sir Andrew Hugh Smith, who stands down on July 14, has been criticised by some City firms for such failures. He is regarded as having been slow to react to warning signs that development of the settlement system was running into trouble, and should perhaps have started work earlier on a new trading system. The chairman of a leading securities firm said: "Poor old Andrew relied far too much on Peter Rawlins to look after the nitty-gritty."

Sir Andrew did, however, oversee the abolition of the cumbersome Stock Exchange council, comprising 32 representatives of member firms, and replaced it with a 16-member board, made up of the heads of top broking firms, a handful of exchange executives and influential representatives of banks and fund management groups which use the exchange's services.

Superfluous jobs have been eliminated, as have a raft of committees and sub-committees. "Some of the credit for that must also go to Peter Rawlins," said Mr Kemp-Welch.

The new chairman is hesitant to go into too much detail about how he sees the future of the exchange. "I am six months away from taking up the post so my view must be broad brush," he said.

Another reason for not making too many pronouncements is that as yet to discuss the division of responsibilities with the new chief executive, Mr Michael Lawrence, who has been poached from the Prudential Corporation, the big insurer, and joins in a few weeks.

"The chairman's main role must be to make sure the board is functioning properly, that it is getting the information to allow it to make the right decisions," Mr Kemp-Welch said, who believes the exchange has only three core functions:

- Organising and regulating trading in the UK's central securities market;
- Consolidating and improving the exchange's position in trading international securities;
- Acting as the listing authority for companies whose shares are traded on the exchange. This means that it is supposed to vet the auditing procedures and governance of those companies, though it has often been attacked for being reluctant to take tough action against offenders.

On the other hand, Mr Kemp-Welch believes certain elements of the exchange's regulatory functions should be transferred to another authority, probably a strengthened Securities and Investments Board. These would include monitoring share transactions for signs of illegal insider dealing - the current system has been singularly unsuccessful in prosecuting suspected insider dealers.

He was also noncommittal on whether to fight for a prominent role in managing or owning the new share settlement system, called Crest, which has been developed at the Bank of England's initiative



John Kemp-Welch: combines patrician charm and driving ambition

### national securities:

since the collapse of Taurus. "I am very cautious on commenting for political reasons," he said. "The exchange may have a role." This view is contrary to that of many investors and securities firms.

The highest priority, he said, is to head off the threat from TradePoint and rival trading systems. As one former investment banker said, the exchange will "live or die on what its customers feel about it".

If that is the key to success, then Mr Kemp-Welch could be viewed as suitable for the job, because Cazenove has been successful in generating goodwill among its clients (the companies which it advises on takeovers and for which it sells securities, and the investment institutions buying these shares). Many outsiders tend to see it as cliquey and nepotistic, however.

After 13 years at the helm, Mr Kemp-Welch and his fellow senior partner Mr Anthony Forbes announced last April that they would stand down the following

April. Under them, Cazenove has consolidated its position as the leading broker to UK companies. It has 222 quoted UK companies as clients, far more than any rival, a large proportion of which are part of the FTSE 100 index of leading companies' shares.

Cazenove was able to rely on its closest customers along investment institutions when it needed to raise money to preserve its independence at the time of Big Bang. A handful lent the broker £30m of capital in the form of subordinated loan stock. The interest on the stock is linked to the profitability of Cazenove.

However, the levels of profits are not disclosed, merely whether the year has been good or bad. Since it is normally a good year - in 1992 the institutions received the maximum interest rate of between 20 and 25 per cent - they have not exerted pressure for greater financial transparency.

At the exchange, however, Mr Kemp-Welch will have to be far more open. The chairman typically has to be a figurehead for the securities industry and the City of London, making speeches and lobbying the government. Mr Andrew Tuckey, chairman of Barings merchant bank, said: "That's the side he will find most unfamiliar."

Mr Kemp-Welch's character is marked by shrewdness. Junior partners at Cazenove note that he can be rather dictatorial. At the age of six, he lost an eye. But Mr Kemp-Welch said the handicap gave him an incentive to prove himself at his public school, Winchester, and may have been what fuelled his drive to succeed: "The only time I missed it [the eye] was when playing racquets. However I still played." Friends say he is a remarkable shot.

**H**e comes from a wealthy family whose fortune stems from ownership, during the 19th century of the Schweppe's patented process for putting fizz into soft drinks - and his father was the second most powerful partner at Cazenove after Anthony Hornby in the immediate aftermath of the second world war.

Though all Cazenove partners have the right to introduce one son or daughter into the firm, Mr Kemp-Welch's father would not bring him on board until he had proved he could survive elsewhere. So in 1964, at the age of 18, he became a messenger at Hoare & Co, working for the most aggressive stockbroker of the time, Kit Hoare. He joined Cazenove in 1969.

More than 30 years later, Cazenove remains a uniquely English institution. Its senior partners are educated at just two schools, Eton and Winchester, and came from a handful of families. While securities markets have become more international, it has opened foreign offices only gradually. It has no offices at all in continental Europe.

Though this means that Cazenove has avoided the overhauls carried by more expansionist firms, such as S.G. Warburg, it has also meant it is tarnished by a "Little England" image. Rivals say in the long term its prospects are limited by its concentration on domestic business.

In that sense, the choice of Mr Kemp-Welch as Stock Exchange chairman is a risk. The future prosperity of the exchange and its members depend to an significant extent on its ability to serve continental investors - and the Cazenove charm will be far less relevant when it comes to meeting this challenge than an ability to understand their needs.

## MEN IN THE NEWS: Berlusconi, Agnelli and De Benedetti

# Gladiators in a war of words

Italy's media magnates are spoiling for an election fight along new political battle lines, says Haig Simonian



Italian newspaper proprietors calling the shots: (L to R) Silvio Berlusconi, Carlo De Benedetti and Gianni Agnelli

**B**y walking uninvited into an editorial meeting last week, Silvio Berlusconi, the media magnate, broke one of the unwritten rules of Italian journalism: newspaper proprietors can call the shots, but should never be seen doing so.

Berlusconi's blunder prompted the resignation of the octogenarian Indro Montanelli, one of Italy's most respected journalists, who has edited Milan's *Il Giornale* since he founded it in 1974. Berlusconi sold control of the paper, in which he retains a minority stake, to his younger brother Paolo after a law limiting media ownership came into effect in 1992.

For Montanelli, Berlusconi's appearance was "a colossal gaffe", which made a mockery of the law. "By implicitly linking new investments in the loss-making paper to a change in its style, he was virtually inviting the editor to resign," said *Il Giornale* journalist.

Berlusconi's behaviour has thrown into relief the flimsy laws governing ownership of Italy's press in the face of the powerful business interests which dominate the media.

Owning a newspaper is not just a symbol of joining the ultra-rich in Italy. It is also the most important way in which industrialists try to influence public opinion and to exert pressure in the political arena. As a general election looms, swaying the debate has become a priority for Berlusconi, Gianni Agnelli and Carlo De Benedetti - the country's wealthiest men - who control three of the four top-selling newspapers. Together, they also exercise enormous clout over coverage in *Il Sole 24 Ore*, the leading business daily, which is owned by the Confindustria employers' federation they dominate.

Agnelli, the patriarch of Italian business, owns more papers than the other two men combined. Through Fiat, the country's biggest private company, in which his family is the largest shareholder, he dominates *La Stampa*, the respected

Turin paper. Separately, Fiat is the dominant shareholder in the Gemina holding company, which controls *Corriere della Sera*, the prestigious Milan paper. *Corriere* is locked in a gruelling circulation war, amid falling advertising revenues, with Rome's *La Repubblica* for the title of Italy's best-selling daily. *La Repubblica*, along with *L'Espresso*, the number two news magazine, is controlled by De Benedetti through *L'Editoriale L'Espresso*.

Berlusconi's newspaper interests have been limited by the media ownership laws which ended a free-for-all, restricting cross-holdings of newspaper and television companies. However, he retains control of three of Italy's most popular television channels, and *Panorama*, the number one news magazine. Last week's appearance at *Il Giornale* showed he remains the paper's dominant commercial influence, in spite of the formal transfer of power to his brother.

While the media interests of Agnelli, De Benedetti and Berlusconi symbolise material success, they also act as protective shields against potential rivals, who can be deflated or ignored in newspapers or on television.

Antonio Pilati, who runs a media research institute funded by the Turin-based charitable Rossetti foundation, says business considerations are paramount. "Ownership of papers by non-media groups is very much an Italian phenomenon," he says. "Its roots lie in the structure of our economy, in which the state plays a much bigger role than in Anglo-Saxon countries. Because so many important decisions affecting entrepreneurs rest in the hands of politicians, being able to influence public opinion has become an important business tool."

It is only since the late 1980s, however, that the media has been

used by its proprietors so blatantly. For instance, growing financial pressures on Fiat, which has seen its share of the domestic car market fall sharply, coincided with a much less critical line on the company at *La Stampa*.

The biggest change, however, has come in the De Benedetti and Berlusconi camps, where media interests have become more partisan as the business rivalry between the two has grown. The battle started

in 1990 over control of Mondadori, Italy's biggest publishing group, which they finally split between them. Since then, weekly news magazines have been the main vehicles for the men's virility.

Berlusconi's *Panorama* carries extensive coverage of De Benedetti's legal difficulties in the long-running Banco Ambrosiano affair, in which he is appealing against a six-year prison sentence. Recently, it revelled in De Benedetti's discom-

fiture at the hands of Rome magistrates probing political corruption.

The corruption scandal has also given De Benedetti's *L'Espresso* a springboard from which to attack Berlusconi. The magazine regularly attempts to link Berlusconi to the now discredited Socialist party in Milan. Of late, it has focused on the complex ownership structure and finances of Berlusconi's Fininvest holding company and reports that its debts are higher than stated.

But defending business interests is rapidly taking a backseat to political attack and counter-attack for Italy's media magnates. As traditional party allegiances collapse amid the unfolding scandals, Agnelli, De Benedetti and Berlusconi are anxious to ensure their political ideas and influence have as wide an impact as possible.

Berlusconi's recent decision to enter politics has been the catalyst for a reassessment of the role of media ownership by leading commentators and has raised doubts about the pluralism of the press.

Berlusconi is trying to regroup the tattered centre of Italian politics, devastated by the effect of the corruption investigations on the once dominant Christian Democrat party. He also aims to halt the rise of the Democratic Party of the Left, the former communists, who are expected to do well at the forthcoming election.

While nobody in public life has questioned Berlusconi's right to express opinions, his manipulation of media interests for self-promotion has caused a furore. The first blast came when two of the three Fininvest channels interrupted regular broadcasting recently to carry a 90-minute press conference Berlusconi held with foreign journalists.

Berlusconi's political ambitions have since developed from an apparent whim into a clear-cut strategy. "I think he has fallen prey to a rapture which will cause him a lot of trouble," said Montanelli after he quit. "When he gets a few of his men into parliament, which he will, they will be jeered every time they get up to speak. They won't be able to escape the idea that they are doing their boss's bidding."

On Thursday, Mario Segni, the popular leader of Italy's referendum movement, joined the fray. He said Berlusconi had no place in politics because he controlled three

national television channels. "I hope Berlusconi does not involve himself directly in politics. The entry into politics by someone who controls such powerful means poses grave problems. He wants to unite the liberals and democrats, but risks fracturing them instead."

Federico Confalonieri, a senior Fininvest executive and one of Berlusconi's closest advisers, rejects charges that his boss is using his media interests to bolster a political career. Potential conflicts of interest will be eliminated, because Berlusconi will relinquish his media boardroom positions when he is elected, argues Confalonieri.

"Berlusconi is a publisher who gives his editors the maximum liberty," he adds. For Confalonieri, the embarrassing public sniping which has emerged among Fininvest journalists this week indicates the scope for free thinking among the group's employees.

Critics of the concentration of media ownership are unimpressed by such arguments. Berlusconi's

intervention at *Il Giornale* showed his influence had not been curtailed by legal changes. As for freedom of expression, many journalists suspect Berlusconi prefers to exert power through proxies. This week, Emilio Fede, a senior journalist who is close to Berlusconi, threatened disciplinary action against Fininvest journalists who participated in a televised debate on a rival channel criticising the group.

Berlusconi's political emergence has highlighted long-standing limits on pluralism in the press. Riccardo Franco Levi, former editor of *L'Indipendente*, a paper that tried unsuccessfully to break the grip of a few big media owners, is sceptical about the chances of a swift change. "As long as Italian capitalism remains dominated by a handful of large companies, standing above thousands of minnows, then ownership of the press is likely to remain the same," he says. "After all, for good or for bad, our newspapers are just a mirror of our society."

**'When he gets a few of his men into parliament, they will be jeered all the time'**



Has the US gone gambling crazy? You bet. Never have punters had so many opportunities to be parted from their money. With casinos and other forms of gaming proliferating throughout the US, the nation appears to be in the grip of a gambling frenzy.

Last month the world's biggest casino opened in Las Vegas. Part of the MGM Grand resort, it features 166 gaming tables and 3,500 slot machines in a gaming area bigger than the playing field at Yankee Stadium.

The MGM Grand is just the latest of three mega-casinos to open in Las Vegas. Its arrival came a few weeks after the opening of the \$450m Treasure Island, a themed hotel and casino featuring hourly mock battles between pirates and the British navy on two 90ft frigates. A few days before that came the opening of the \$390m Luxor hotel and casino, a vast pyramid-shaped structure on an Egyptian theme in which guests are carried from reception to the elevators on an indoor river Nile.

But more significantly, gambling has started to spread across the country. A quick in the law has allowed Indian tribes to set up casinos on their reservations: at the last count 66 had been established in 17 states. More than 20 riverboat casinos have started operating in Mississippi and Illinois, and neighbouring states have authorised many more. State lotteries have legitimised the gambling habit in 37 states. Only Utah and Hawaii are gambling-free.

As the opportunities for gambling have increased, so have the stakes. The total amount gambled on slot machines, gaming tables, lotteries and racing grew by 8.4 per cent to a staggering \$600bn in 1992. True, the punters won a lot of that back, but the \$600m they lost was more than the nation's total spending on cinema tickets, books, records and spectator sports combined.

## Gambling is a fast-growing industry in the US, says Richard Tomkins

# Rush to place their bets

used in charity fund-raising, which embraced just about everything.

The state's poverty-stricken Mashantucket Pequot tribe took the law at its word and found financial backing for the construction of the Foxwoods casino on its reservation in Ledyard, south-east Connecticut.

With the nearest competition several hours' drive away in Atlantic City, Foxwoods flourished - as did its many imitators. Now, gambling in Indian reservation casinos is big business: the value of bets taken at the tables and slot machines shot up from \$5bn to \$15bn in 1992, and

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**Many big cities are considering the possibility of legitimising casino gambling in one form or another**

continues to grow fast.

Meanwhile, the geographical spread of gambling has taken another direction. In 1992 Iowa decided gambling could encourage tourism, and passed a law allowing riverboat casinos to operate. The attraction of this device was that riverboats could be justified as a re-creation of America's 19th-century paddleboats, while keeping them in the water separated them from the rest of the community, and made them easier to control.

The casinos proved a success. Soon neighbouring states started authorising riverboat casinos too. The amount of money handled rose

from \$1.1bn in 1991 to \$7.3bn in 1992, and licence applications pending or granted are expected to take the number of riverboat casinos to more than 80 by 1995.

As casinos have spread from the traditional gambling centres of Las Vegas and Atlantic City to Indian reservations and riverboats, the rest of the US has started asking why it should not join in the spree. Many big cities are considering the possibility of legitimising casino gambling in one form or another. Philadelphia has already authorised its first riverboat casino; the mayor of Washington DC has suggested that the revenues from casino gambling could provide a remedy for the city's financial problems; and the mayor of Chicago has proposed a \$300m gambling and entertainment complex for the city centre.

Technology is also playing its part in encouraging the gambling habit. Many punters feel more comfortable playing a machine than playing a human being: for one thing, they feel a machine is less likely to cheat. Advances in technology have offered a proliferation of increasingly sophisticated electronic gaming devices, such as video poker machines.

Looking to the future, technology could further extend the market by offering gambling opportunities through the electronic super-highways now beginning to evolve - in other words, allowing people to gamble in their homes by taking part in interactive casino games using cable channels and their television screens.

But can gambling really go on growing at its present rate? It

depends. Some gambling markets already seem to be at, or near, maturity. For example, the amount of money staked on bingo, racing and the older-established lotteries has hardly changed in the past few years. But if the legitimisation of casino gambling continues, the growth in that sector may have only just begun.

Mr Eugene Martin Christensen of Christensen/Cummings Associates, a New York consultancy specialising in leisure industries, points out that the growth in casino gambling is unusual because it is driven by pent-up consumer demand.

Clearly, the growth is not limitless. At some point, supply and demand will come into balance. This is already happening at Las Vegas - hence the development of new hotel/casino complexes like the MGM Grand, Treasure Island and the Luxor, which are aimed at drawing in customers by providing them and their families with ever more entertaining sideshows to the casino itself. Many of those customers will come from other Las Vegas casinos, not from newly created markets.

Even so, statistical evidence suggests people will on average spend about 1 per cent of personal income on gambling, given the opportunity. In 1992, the amount spent on gambling across the US represented just 0.65 per cent of personal income. Seen in those terms, the industry's growth has a long way to go.

The one thing that could stop it, of course, is an outbreak of moral indignation over gambling's spread, leading to the reimposition of legal constraints. As yet, in spite of objec-



tions in some states to the spread of video poker machines because some people are playing them compulsively, there is little evidence to suggest such a backlash is likely.

Perhaps gambling has entered the mainstream entertainment industry for good. But as Mr Christensen notes, the history of US society is

permeated with violent swings between liberalism and conservatism in attitudes to supposed vices: the US is, after all, the land that once prohibited alcohol. The gambling industry's comfort lies in the ultimate failure of that notorious attempt by the US to come between its citizens and their pleasure.

Syria's state media could hardly have raised expectations much higher for tomorrow's summit in Switzerland between President Bill Clinton and President Hafez al-Assad. It is, trumpeted *The Syria Times*, "one of the most important meetings of Geneva's history, and perhaps the history of the Middle East."

In the maelstrom of Damascus's ancient Hamraiyeh souq, or market, the view is more circumspect, however. Traders in its grid of alleys have found buyers for its silver and silk over centuries among Assyrians, Persians, Greeks, Romans and Turks. They are not persuaded that tomorrow heralds the immediate prospect of bus loads of Israeli shoppers. "The meeting will help the atmosphere," says Samad, a young shop owner. "Peace is important to us, of course, but difficult. We need time."

The true significance of tomorrow's meeting, for Syria, lies somewhere between the media hype and the caution of the souq. For Mr Assad, a cautious and wary strategist whose main preoccupation has long been maintaining his iron grip on Syria, it lies in the symbolism of the event itself - and that is the main reason for the media fanfare. A summit with the leader of the world's sole superpower confirms for Mr Assad his centrality to the Middle East peace process and his regional leadership. As one state newspaper said: "A giant will meet with a giant."

It is only Mr Assad's fourth meeting with a US president in 23 years of rule, the last being with Mr George Bush in Geneva in 1990. Then, Syria sealed its participation in the anti-Iraq Gulf war coalition and the two leaders exchanged the initial promises which made the present Middle East peace process possible. Mr Assad will want to hear Mr Clinton repeat those promises which brought him to the negotiating table in 1991: that the US is committed to a "just and comprehensive" regional peace, which for Syria entails a full Israeli withdrawal from the Golan Heights, occupied since 1967; and that the US will guarantee any bilateral agreement with the Jewish state.

Just as important for Mr Assad - and many in Damascus maintain it is more vital - is his hope that the summit can deliver a substantial improvement in Syrian-US relations. "He wants more than the Golan back; he wants a new relationship with the US," says one observer, "and he wants this as badly as anything. Here, the Syria's real excitement is the summit."

According to many diplomats, the real "breakthrough" on the peace front arguably took place in Damascus last December when Mr Warren Christopher, US secretary of state, was able to



Syria's President Hafez al-Assad: 'A giant meeting with a giant'

**Mark Nicholson on the significance of tomorrow's US-Syria summit**

## Haggling over the price of peace

announce Syria's willingness to resume full peace talks with Israel in Washington. Mr Assad had previously insisted there could be no such resumption without an explicit Israeli commitment to a full withdrawal from the Golan. But Mr Christopher's shuttle between Jerusalem and Damascus, and private undertakings to Mr Assad, are believed to have persuaded the Syrian leader that such a deal was feasible in principle. "Mr Assad's decision to return to the talks shows he has made the strategic decision to make peace," says a European diplomat in Damascus.

Details of such a deal - a "full" Israeli withdrawal in return for a "full" peace between Syria and the Jewish state - remain to be worked out. This would be the meat of talks in Washington, which could resume within weeks of a successful summit. At such talks, Mr Assad would place a high premium on direct US engagement, since Syria believes that only US pressure and involvement can exact the right terms for peace from Israel and hold the Israelis to them. Mr Assad has always profoundly distrusted Israel's desire to divide its Arab neighbours and negoti-

ate deals with them one by one. It is a distrust Syrian officials say was vindicated by the secret deal in Oslo between Israel and the Palestinians, which they consider deeply flawed.

But Mr Assad also wants a "full" peace with Washington, which since 1976 has maintained Syria on its list of state sponsors of terrorism.

In addition to Syrian membership of the anti-Iraq Gulf war alliance, Damascus's help in freeing western hostages from Lebanon was part of a shift towards the west. Increasingly, according to western diplomats, the Syrian president has come to appreciate the security of his regime and his country's prosperity depend on rapprochement with the west, notably the US.

The reasons are manifold. They include the loss of the Soviet Union as his chief strategic ally and the failure of the communist model, whose political, military and economic centralisation Syria has long imitated.

But economic pressures have also grown. Although Syria has enjoyed a burst of post-Gulf war prosperity, this is founded on a one-off bonanza from limited oil discoveries, cash rewards from

the Gulf states for Syria's participation in the campaign against Iraq and some good recent harvests.

Its economic problems are set to worsen. Syrian unemployment stands at 20 per cent and is rising; there are serious infrastructural inadequacies, particularly in power generation; and it has an unmanageable 3.8 per cent birth rate, one of the highest in the developing world. On Syria's present, isolated course as one western diplomat puts it, "Assad knows he will be faced with a half-educated population, no jobs, no prospects for the middle class and, perhaps, people starting to say 'Islam is the solution'."

The Syrian leader has clearly concluded that none of these problems can be properly tackled unless his country can win access to western capital and aid, and he sees warmer ties with the US as critical to this process. But Syrian links with terrorist leaders such as Ahmed Jibril and Abu Nidal, and its backing for Hezbollah, the pro-Iranian Lebanese faction - the reason it was included on the US's list of terrorist states in 1976 - remain big obstacles to an improvement in relations.

While it stays on that list, Syria is ineligible for US credits or aid and is prohibited from importing US products, including computers, aircraft, aircraft spares and related technology. Perhaps as important as any restriction, however, is the symbolism of pariah status entailed by inclusion on the list.

US officials have made it plain Syria will not be lifted from the list tomorrow, or at all, while it supports Hezbollah and harbours men such as Jibril and other Palestinian "rejectionists". Yet nobody in Damascus expects Mr Assad to relinquish the "portfolio of options", as one diplomat puts it, which such groups offer Syria as part of its bargaining position with Israel - not, that is, until a peace deal is sealed.

A "full" peace between the US and Syria is, thus, likely to prove impossible until Mr Assad has sealed the same with Israel. For Mr Assad, says one European diplomat, "the main obstacle on the road to normalisation of relations with Washington is Israel".

This is not to suggest that Mr Assad will agree to peace with Israel at any price. His price, return of the Golan and an "honourable" settlement with Israel's other neighbours, has remained immutable. But his appearance with Mr Clinton in Geneva tomorrow suggests Mr Assad believes a deal is obtainable.

If and when this proves so, the souq will be ready. "It is the same for us," says Samad the merchant. "There is no liking here for the Jews, but we can sell to anyone."

Loyal to his superiors, eager to work long hours and willing to sacrifice family and friends to the company's cause, the Japanese salaryman has been the driving force behind the country's postwar rise to become an economic superpower.

But as the Japanese economy has slowed through a severe recession, and the government prepares another stimulus package - due to be unveiled next week - the salaryman's unquestioning dedication to his employer is waning.

In May, Mr Kunikida Fujita, 51, left IBM Japan, where he had worked loyally for 28 years, to take up a career as a social welfare worker, helping disabled people earn a living. Each day, the former IBM personnel manager commutes 80 minutes from his home in central Tokyo to the plain, two-storey Aoba Work Centre, a private organisation that aims to provide disabled people with skills training and an income. The centre is next to a fermented bean factory - a world away from his days in the high-technology, glass-and-concrete headquarters of IBM Japan.

But his new job fulfils him in a way that life at IBM never did. "I believe my work at IBM contributed to social good but only in an indirect way. Here, I feel every day that I am contributing to society and that gives me a purpose in life."

Until Mr Fujita decided to leave IBM, he had not thought about what he wanted to do with the rest of his life. What changed all that was a four-week holiday, which was a reward from IBM for his long service.

Mr Fujita had never had so much free time, and found the experience disturbing. "I found that I did not know what to do and that I was completely cut off from society. It is frightening to see yourself doing nothing, frittering the time away."

This gave him his first glimpse of what life would be like after retirement for someone who had depended so much on company life for his own personal fulfilment. Nine months later, he was one of

## Yen for a better life

**Michiyo Nakamoto meets former Japanese salarymen**



1,500 employees who signed up for the IBM's early retirement programme, which he had helped to draw up as the company tried to cut costs.

Similar motives led Mr Shingo Shibayama to leave his job in the legal department of Mitsui and Co, a trading company, to become a teacher at the age of 57. Like Mr Fujita, Mr Shibayama was a dedicated company man with more than 30 years' service. He had thrived in his job as a legal specialist, travelling to different parts of the world. "The trading house is like a theatre as big as the grand Kabuki theatre and I was very happy to go on stage there."

But he says Mitsui employees who are not offered an executive position by the age of 57 must choose between moving to a subsidiary, or becoming an adviser known as

a *madogatazoku* (or someone who sits by the window with little work to do).

Neither fate appealed to Mr Shibayama. If he went to a subsidiary, he would have had to retire at 63. "I am a workaholic," Mr Shibayama says. "My generation has lived for work alone. I cannot imagine myself not working. I have hobbies, but I can't stand being at home. After so many years of company life, home has become a place where I just eat and sleep."

So when the offer of the post of professor came from Nishio Gakusha, a private university in Chiba prefecture, just outside Tokyo, Mr Shibayama decided to take it. He would then have the chance of working until about 70.

A determination to carry on working for as long as possible also led Mr Tetsushi Saitoh, 55, to give up his job as an executive at Marubeni, a trading house.

Now Mr Saitoh gets up at 3.30 every morning to work the early shift at a convenience store he runs with his son in Shinjuku, two hours on the train from Tokyo. He worries about how well the products on the shelves are selling, about whether he is able to satisfy customers' needs.

Like Mr Fujita and Mr Shibayama, he was able to take advantage of a retirement programme of a kind run by many blue-chip Japanese companies to encourage employees to start new careers. Generous terms often mean they can maintain income levels relatively easily.

Although it is a far cry from the high-flying lifestyle of employees at Japan's large trading houses, Mr Saitoh takes pride in his store and in the decision he made. "I decided to do this myself. That is completely different from having to do something because the boss tells you to." The one thing about running a convenience store, he says, is that there is no retirement. Like others who have made the transition from big companies, his salaryman's instinctive loyalty and stamina are undiminished.

## Competition not working in cross-Channel fares

From Mr K D Shilleto.

Sir, Charles Batchelor's report ("Tunnel prompts Stena to simplify ferry fares", January 5) on the "simplification" of Stena Line cross-Channel fares appears to indicate another huge rise in some tariffs, particularly for a car with driver only or even with single passenger. For these travellers the increase, particularly during the summer months, will represent a much greater rise than the "couple of per cent" wisely indicated by the operators.

This is typical of the arrogant and rapacious attitude of the ferry companies towards travellers since announcement of the construction of the Channel tunnel.

One is persuaded that they have deliberately raised their almost identical fares way beyond inflation almost every year, confident that the eventual Channel tariffs could not compete with them if necessary cash flow to service mounting debt was to be raised.

They have now set a com-

fortable "floor" for the tunnel while castly increasing their own profit potential. There is a smell of collusion about this cost-push manoeuvre which involves not only the ferry operators but the tunnel management as well.

Dr Stefan Saymanski of Imperial College has written a paper, already referred to in your newspaper, that clearly indicates progressive and unwarrantable raising of ferry tariffs since the announcement of the tunnel's construction. It is to be hoped that the Office of Fair Trading and the EU competition office are closely monitoring this pocket-picking of the public.

Cross-Channel ferry tariffs have been set far above any comparative journey in Europe for as long as I can remember. Why should the advent of an additional alternative send up passenger costs even further? That is not competition or the working of a "market". K D Shilleto, 2 Mulberry Close, Banbury Street, London SW5

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL  
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Investment body must be given support

From Mr Geoffrey Lister.

Sir, Your leader, "An end to foot-dragging" (January 12), calling on those who see a positive future for self-regulation in the retail financial services industry to state their views, will find support among building societies. The Building Societies Association has been consistent in its support for the Personal Investment Authority concept and the principles described in the letter ("SIB warning for investment body", January 13) from

Securities and Investments Board chairman Andrew Large. The promised change in standards and the predominance of public interest representatives on the board have been regarded as particularly important.

To abandon the PIA now, after 18 months of planning, would lead to years of uncertainty as parliament debated and enacted legislation and civil servants faced the task of implementation. Consumers, and the financial services

industry, deserve better than this.

The PIA is chaired by a former chairman of the Association of British Insurers and chief executive of one of the country's largest insurance companies. It will incorporate nine representatives of the industry (far more than would be members of any statutory board) and draw on a range of expertise from other sectors of the economy. Building societies believe the PIA offers an excellent chance of providing

the necessary reassurance to customers that the industry truly has their best interests at heart, while also ensuring that the industry view is heard.

A range of significant issues in relation to the PIA remain to be resolved. It is important that all in the industry work together to overcome these difficulties.

Geoffrey Lister, chairman, The Building Societies Association, 3 Saville Row, London W1X 1AF

## Mother does not want to be a burden on her daughter

From Mrs Shirley Pirth.

Sir, Mr L J S Evans's letter (January 12) posed the question "What does mother think?" regarding views expressed by my daughter. Well, mother does not want to live with daughter either, especially when I become old,

infirm, incontinent, and so on. I quite understand my daughter's sentiment and her very practical wish to provide for elderly members of her family. I, too, would welcome a policy to which I could contribute, along with my children if they so wished, while I am still

financially able to do so. What parent wants to burden offspring with the added responsibility of becoming carers, especially when they have families, careers and lives to lead.

As our health service appears to be falling into rapid decline, and decent residential

homes for the elderly become increasingly expensive and therefore elitist, let's hope some other institutions - friendly societies or others - start to look at the problem.

Shirley Pirth, The Swallows, Woodhurst, Huntingdon

## 'Son of BES' will only work if it is affordable

From Mr R M Graves.

Sir, The Chancellor's proposals for a successor to the Business Expansion Scheme (dubbed "son of BES"), the Enterprise Investment Scheme gains tax relief for entrepreneurs re-investing in unquoted trading companies is to be welcomed, provided the next reading of the Finance Bill does not throw unwelcome and unnecessary hurdles in the way.

One of the problems for entrepreneurs seeking investors, and for their accountants and other investment advisers, is the prohibitive cost of producing investment memoranda to comply with complex legislation on prospectuses or investment advertisements. While I understand that the principal aim of the Companies Acts and Financial Services Act legislation is to protect investors, financial advisers may be hesitant or even totally reluctant to send business propositions to potential investors, "business angels", for fear of falling foul of the law.

Let us hope that the deregulation measures announced by the Chancellor to cut red tape will widen the category of investors exempt from the Financial Services Act and prescribe the minimum contents for a simple investment proposal which entrepreneurs and advisers could prepare without being caught out by current legislation.

It would be a lost opportunity if a number of "business angels" emerged ready to invest their profits from Stock Exchange securities and were prevented from receiving investment propositions from unquoted companies or their advisers because of over-zealous legislation.

I regard it as important that smaller companies should be able to raise equity capital without incurring undue expense in complying with rules established to protect the public at large.

R M Graves, senior corporate finance partner, BDO Binder Hamlyn, 20 Old Bailey, London EC4M 1BH



COMPANY NEWS: UK

# Eurocamp down 33% as bookings fall

By Maggie Urry

Eurocamp, the tour operator specialising in self-drive camping holidays, suffered a one third fall to £6.25m in pre-tax profits for the year to October, as bookings fell and market share was lost.

The result was in line with a warning at the interim stage that profits would fall 30 to 35 per cent from last year's £9.4m.

However, a more optimistic statement on the current year's outlook, with bookings up in all markets, and the maintenance of the final 6.3p dividend, to give an unchanged total of 9.75p, pushed the shares up 22p to 285p.

Eurocamp estimated that the market for inclusive summer holidays from the UK to France - the biggest part of its operation - fell 10 per cent in 1993, with its business hit harder than some competitors.

Mr Tom Neville, chairman, said the group had reappraised product and marketing strategies in the light of changes in the trading environment and competitive pressures. Mr Richard Atkinson, managing director, said margins should recover in 1994 but not to 1992 levels.

The group has adjusted 1994 brochure prices to tackle last year's poor bookings in the June and early July period. Lower prices in these weeks have been partly offset by higher prices in late July and August, although average prices are lower than in the 1993 brochures.

Mr Atkinson said the group was expecting some recovery in occupancy rates - from last

summer's 96 nights out of a possible 115 to about 100 nights - and it aimed to reduce marketing and administration costs while holding costs incurred overseas.

Sales in the year fell 7.5 per cent to £56.7m, and operating profits dropped 32 per cent to £6.25m (£9.63m). Interest payable was £584,000 (£806,000), while investment income amounted to £296,000 against £381,000. Earnings per share dropped from 24.5p to 18.2p.

Capital expenditure was cut, with the amount on fixed assets down from £11.2m to £6.28m, sufficient to maintain assets but with no expansion. At the year-end the group had net cash of £2.1m, compared with net debt of £124,000.

## COMMENT

After the disappointments of last year, of which only a part can be blamed on the market, Eurocamp has to regain credibility in the City. Incorrect pricing appeared to be the management's greatest mistake in the 1993 brochure, which has been addressed this year. It is early days to say whether sufficient adjustment has been made although early bookings are encouraging. More will be known by the annual meeting in March. Making a firm forecast is thus a bit dangerous yet, though a range of £7.5m to £8.5m seems plausible. That suggests a 1/2 in the 13 to 14.5 range. A maintained dividend would give an above average yield. After the shares' run yesterday more evidence of the new strategy's success is needed to push them much higher.

# GKN prepares for £12m sale of Indian stake

By John Griffiths

GKN, the motor components and industrial services group, is preparing to sell for £11.9m its 46.7 per cent stake in Guest Keen Williams, the Indian engineering and fastenings company.

Its agreement to sell the holding for cash to a group of international investors will still leave GKN with a substantial presence in India through other manufacturing ventures in the automotive sector.

Along with China, India is widely seen by the world's motor industry as one of the biggest potential car and truck growth markets over the coming decades.

Guest Keen Williams has a more generalised business in stampings, presswork and fas-

tenings and, like many other businesses GKN has disposed of previously, is no longer seen as relevant to the group's core activities.

The buyers are a group of investors represented by Mr YF Lombard, managing partner of Bearbull Zurich, and Mr BD Bangur of Graphite India. Completion of the deal is subject to formal approval by the Reserve Bank of India.

"The sale is part of a planned divestment programme of non-strategic interests," said Sir David Lees, GKN's chairman. It will continue to service the Indian automotive sector through Invest Transmissions (constant velocity joints), XLO-GWB Cardan Shafts (propeller shafts and universal joints) and Mahindra Sintered Products (bearings and bushes).

# Argos sales lift underlines bright Christmas trend

Argos yesterday became the latest retailer to report strong trading in the crucial Christmas period, with sales up 16 per cent, writes Neil Buckley.

With new space accounting for 5 percentage points of the increase, and inflation for about 1 point, Mr Bob Stewart, finance director, said the like-for-like increase for the five weeks to Christmas was about 12 per cent.

The catalogue retailer's strong performance helped like-for-like growth in the second half of 1993 rise to 8 per cent, against 5.9 per cent in the first six months.

Total sales growth for the year was 10 per cent - above market estimates. Analysts upgraded their profits forecasts for the year from £79m-£80m to about £82m.

# Cellular Telecom to get quote in US

By Peggy Hollinger and Bernard Simon

Cellular Telecom, the UK mobile communications company, is to be quoted in the US following the reverse takeover of a Canadian company once known for its claims to have produced an anti-Aids product.

Health Care Products, which was recently delisted from the Toronto stock exchange and currently trades on Nasdaq, is to pay \$3m (£2m) in shares for a 52.17 per cent stake in Cellular Telecom Ltd, the trading subsidiary of Cellular Telecom Holdings.

The UK company will have the option to sell the remaining 47.83 per cent for a further \$2.7m in shares.

Cellular Telecom is an air-time services provider for the Vodafone and Celnat networks and is 19 per cent owned by the

# War of words continues over LWT

By Raymond Snoddy

The battle of statement and counter statement between London Weekend Television and Granada continued yesterday as the London ITV company attacked Granada for its "vague and woolly" documents.

In a letter to shareholders Sir Christopher Bland, LWT's chairman, asked a series of questions ranging from inquiries about the rate of decline of Granada's rental business to whether advertising sales house contracts would have to be unscrambled if the hostile Granada bid succeeded.

Granada instantly replied with answers to LWT's "facile" questions. They included the information that last year operating profits from the rental business rose by 7 per cent to £105m and a promise to reorganise the two sales houses involved. The Times Exchange and Laser, "when its bid succeeds".

Mr Gerry Robinson, chief executive of Granada, denounced the "smokescreen" put up by its rival and said the deal was still the best bet for the future of LWT.

Meanwhile, a decision by the Takeover Panel means that the war of words can go on until the Office of Fair Trading decides whether or not to refer the bid to the Monopolies and Mergers Commission.

See Lex

# Ibstock in £8m Portuguese sale

Ibstock Johnson, the UK's third largest brickmaker, has sold a 20 per cent stake in its Portuguese offshoot, Celulose do Calma, for about £7.9m.

The shares were placed with a number of institutional shareholders in London and Lisbon. Ibstock retains a 55.3 per cent interest.

Calma, which ran up a pre-tax loss of £4m for 1992, owns eucalyptus forests and operates a wood pulp mill. The book value of its net assets at end-December stood at £43m.

Proceeds will be used to reduce group borrowings.

## Takare expands

Takare, the nursing home company, said that in the past three months it had commenced construction to accommodate 750 beds.

The expansion follows last September's £68m rights issue.

That represented an aggregate investment of almost £25m.

# Thorn EMI to report quarterly

By Norma Cohen, Investments Correspondent

Thorn EMI, the London-based leisure and electronics group, is to publish its trading results on a quarterly basis in line with new guidelines from the Stock Exchange.

The Exchange has published a consultative document on insider dealing which urges companies to make quarterly statements in order to keep all investors more regularly informed of its trading position.

More frequent reporting would mean that less information is held closely within a company or by its advisers, thus reducing the opportunity to trade on inside information.

But the Exchange's consultative committee, which included representatives of the 100 Committee of Finance Directors and several shareholders' groups, stopped short of calling for full quarterly trading statements such as those issued regularly in the US. Large UK companies whose shares are traded in the US already pro-

vide quarterly statements, and several leading UK shareholders have called for more regular public statements from companies in order to limit the risk of insider dealing.

Mr Simon Duffy, group finance director at Thorn, said the company would have begun producing quarterly reports regardless of the Exchange's recommendations. About 18 months ago, the company instituted a new financial reporting system for internal management accounting.

"We found we could produce

quarterly reports with zero incremental costs," Thorn said. The system it has developed is commercially available to others and the company is in discussions with "a number of other people" about selling its system to them.

Mr Duffy added that Thorn has no view about whether companies should be required to publish quarterly trading statements. "There are some businesses where it is appropriate, others where it is not so useful," he said.

See Lex

# Objections to Robb's job at Wellcome

By Daniel Green

Institutional investors in Wellcome have voiced their objections to the appointment yesterday of Mr John Robb as both chairman and chief executive of the drugs company.

Mr Robb conceded that "of the 10 or so institutional investors consulted over the decision... one voiced serious objections."

But another institutional shareholder pointed to part of the company's annual report last year which affirmed its commitment to the principle of splitting the

roles of chairman and chief executive between two people.

"It seems unfortunate that [the Wellcome board] combed the length and breadth of Britain and have not been able to find a suitable candidate", he said.

The company's choice for chairman, Sir Anthony Tennant, chairman of Christies International, the auctioneer, and former chairman of Guinness, the drinks group, was yesterday appointed deputy chairman.

"He allowed it to be known that he would not accept the post of chairman", said Mr Clive Thompson, a non-executive director of Wellcome and chief executive

of Rentokil, the services group.

Mr Robb, who has been acting chairman of Wellcome since the summer, defended his appointment against criticisms that it was contrary to the recommendations of the 1992 Cadbury report on corporate governance, which also recommended that the roles be split.

"There is too much emphasis on splitting the roles rather than getting the right people at the top."

Mr Thompson backed Mr Robb saying that "the chemistry of the board members is more important than the structure of the board".

# Hewitt shares drop 18p after profits warning

By John Murrell

A warning yesterday from Hewitt Group that profits for 1993 would be below market expectations prompted a 18p fall in the share price to 185p.

Directors said the maker of industrial ceramics and refractories had incurred a "small profit" before tax for the year, including an exceptional gain of some £280,000 from the sale of a quoted investment.

Two factors were blamed for the setback - pre-tax profits for 1992 amounted to £332,000.

Second half sales at the German operation were below expectations due to a delay in a contractor completing an essential capital investment project and year on year sales

of storage heater blocks were lower, reflecting a lack of new property development.

Although a "significant uplift" in demand for blocks, particularly by German customers, had been experienced in the last two months of 1993, it had come too late to compensate for lower activity during the second and third quarters.

Year-end gearing was about 50 per cent with a third of net borrowings short term. At mid-way, gearing stood at 64 per cent. It was expected to fall in the second half.

The directors said the outlook for 1994 was "encouraging, with strong order books".

It was their intention to maintain the final dividend at 1.75p for a 3.25p (3p) total.

# Fitzpatrick for market via reverse takeover

By Paul Taylor

One of the UK's largest cable television duet layers, JP Fitzpatrick (Cable TV), is coming to market through a £8.75m cash and paper reverse takeover by Baillie Gifford Technology, the shell investment trust whose shares were suspended at 31p late last month pending an announcement.

BGT, which appointed City dealmakers Mr Luke Johnson and Mr Stephen Hargrave to its board in November, plans to acquire the specialist cable ducting group and its sister company, JP Fitzpatrick Construction.

Mr Johnson said yesterday: "The acquisitions will provide BGT with the opportunity to enter the fast expanding cable television market. It provides the company and its shareholders

ers with a dynamic new business in a growing market."

The purchase price will be satisfied through the issue of 39.4m shares to the vendors, £4.7m of loan notes and £110,000 of cash which will be funded from the proceeds of a placing and rights issue.

BGT plans to raise a total of £7.6m after expenses through a placing by Greig Middleton of 48m new ordinary shares at 10p each and a 3-for-2 rights issue of 33.3m shares at the same price. The rights issue is underwritten by Hill Samuel.

The balance of the new funds raised will be used to provide additional working capital for the enlarged group which will have a market capitalisation of about £14m at the rights issue price and which plans to change its name to Utility Cable.

# Medeva US rehabilitation

By Daniel Green

The US Food and Drug Administration has rehabilitated a US subsidiary of Medeva, the UK drugs company, seven months after it issued a warning that a plant in California did not meet production standards.

Last June, the FDA followed up its warning by asking US government agencies not to renew contracts with MD Pharmaceutical, whose plant near Los Angeles had been criticised.

Medeva said that the FDA, "had determined that (MD) may once again be considered

as a supplier of drug products to agencies of the US government."

Mr Bernard Taylor, Medeva's chairman, said that the total cost to the company of meeting the FDA's criticisms had been about £1m. There would be further annual costs of "less than £1m" in maintaining the new practices at the plant.

No contracts had been lost during the last seven months, said Mr Taylor, because the first renewal dates were not until March.

Sales of the drug made at MD's plant - an amphetamine called methylphenidate - were worth £23m in 1992.

# NatWest Bancorp surges

NatWest Bancorp, the US retail banking subsidiary of National Westminster Bank, reported a rise in net profits from £155.2m to £298.1m (£201.4m) for the year ended December 31.

Mr John Tugwell, chairman and chief executive, attributed the rise to the bank's ability "to control the growth in operating expenses and to improve productivity." Fourth-quarter

income was also 92 per cent ahead, from \$50m to \$96.1m.

The results included previously unrecorded Federal tax benefits of \$38m for the quarter and \$70m for the full year.

The bank said that the year had benefited from "a considerable improvement in asset quality and the continued growth and diversification of core products."

# Surrey Group cuts deficit

Losses at Surrey Group, the USM-traded bookmaker, were cut from £63.0m to £57.0m pre-tax for the half year ended September 30.

Turnover of £20.9m compared with £22.2m. During the period the group completed the sale of 26 betting shops in Scotland to Stanley Leisure for £3.08m, leaving it 49 shops.

The group was trading profitably in August but a "disappointing" September resulted in the mid-year deficit. A programme of further cost savings is being implemented.

Interest costs were trimmed from £268.0m to £186.0m. Losses per share emerged at 0.04p (0.49p).

for an 11 per cent contraction in interim profits.

Mr Philip Jones, chairman, said the downturn - from £3.29m to £2.92m - in the six months to end-September, reflected lower exports and difficulties in recouping increased raw material costs following sterling's devaluation.

Turnover improved to £35.8m (£34.2m). Mr Jones said that action had been taken to reduce costs and improve productivity but "beneficial effects will not become apparent until the next financial year".

Earnings per share dipped to 11.4p (12.3p) but the interim dividend goes up 0.2p to 3.5p.

# Kode Intl issues profits warning

Kode International, the computer group, has warned that profits for the 1993 year will be below market expectations.

They are, however, expected to exceed the £1.03m pre-tax achieved in the previous 12 months.

The shares fell 4p to 138p.

The company expects to recommend a maintained final of 4p to give an increased full year total of 6p (5.5p).

# Gander launches £2.7m rights

Gander Holdings, which switched its main area of operations from gold exploration to property when recently it acquired TimeofTen, a London residential property developer, has launched a 1-for-2 rights issue at 9p per share to raise £2.7m.

The company said that the proceeds, along with additional banking facilities, would enable Gander to exploit the growing opportunities in the housing market, especially in Chelsea and Kensington, where it has identified shortages of studio accommodation and apartments.

Mr Oliver Vaughan, chief executive, added that Gander intended to seek a full listing, once it had the necessary trading record. Currently its shares are traded under Rule 635(2).

Yesterday the options were exercised on 900,000 shares. Pearson now holds a minority interest of 41.4 per cent, which it intends to retain for a limited period.

# Wray raises Carlisle interest

By Nigel Clark

Mr Nigel Wray, executive chairman of Burford Holdings, the property group, is set to become non-executive chairman of Carlisle Group after he increases his interest in the property services company.

The move accompanied a warning that 1993 pre-tax losses were expected to rise from £347,000 to £2.85m.

Under a planned cash raising Mr Wray, and companies and trusts in which he has an interest, will acquire between 38.82 per cent and 54.78 per cent of Carlisle. The requirement to make a full offer has been waived by the Takeover Panel.

Mr Wray, who at present has a 10.2 per cent holding, is subscribing for 27.5m shares at 11p to raise a net £2.71m. He will replace as chairman Mr Jonathan Harris, who will become deputy chairman and chief executive.

The company is also seeking to raise up to £3.04m through a rights issue of 27.7m shares at 11p on a 1-for-1 basis. The offer is not underwritten and undertakings have been received to take up £2.85 per cent.

The shares rose 3p to close at 36½p.

The new shares will have a nominal value of 10p. It is proposed to split the existing 25p shares into one 10p and one 15p deferred.

The total proceeds will be used to buy the head leasehold interest in Carlisle's London headquarters for £2.35m from Mr Jonathan Harris and his brother Richard. The balance will go for working capital.

The company said that the money was needed to ensure it reached the critical mass required to progress as a listed company.

Losses are expected to rise because of an exceptional charge of £1.75m relating to the closure of its Hirschfelds offshoot during the year allowing the company to concentrate on its Pepper Anglia & Yarwood operation.

As part of the planned changes Mr Jonathan Harris and Mr Clifford Toye, director responsible for property services, will take pay cuts in exchange for an issue of warrants.

It is also proposed to offset the deficit on the profit and loss account by cancelling the deferred shares, cancelling the capital redemption reserve and reduction of the share premium account.

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# Clayton shares surge on bid talks

Directors of Clayton, Son (Holdings), the Leeds-based engineering concern, confirmed that they are in talks which could lead to an offer being made for the company.

They added that negotiations were "only at a preliminary stage" and that shareholders would be informed of the outcome in due course.

The shares, up 10p on Thursday, surged a further 33p to 103p.

# Growth for Real Time Control

Better sales of systems and services under the epos market helped Real Time Control, the USM-quoted computer services company, increase pre-tax profits from £258,000 to £248,000 in the six months to September 30.

The company added that sales continued to be buoyant.

Turnover advanced to £1.58m (£1.33m). Earnings per share were 4.1p (2.5p).

# Pearson sells more Camco shares

Pearson, the UK media group which owns the Financial Times, yesterday realised a further £8.5m through the disposal of further shares in Camco International, the Houston-based oil services company.

Last month Pearson raised £200m from the flotation on the New York Stock Exchange of 55 per cent of Camco, then a wholly owned subsidiary. The underwriters had a 30-day option to buy a further 8.25 per cent of Camco on the same terms as for the initial offering.

# Courtyard talks discontinued

Courtyard Leisure, the wine bar and restaurant operator, said that talks with a private company connected with Mr Harvey Goldsmith and Mr Edward Simons have now been discontinued and there are no plans for further discussions.

However, Courtyard added that it was continuing talks with other parties concerning the expansion of the company.

# Investors to vote on Beverley debt proposals

By Peggy Hollinger and Motoko Rich

Shareholders in Beverley Group, the engineering concern previously known as Petrocon, will decide on Monday whether to sell a number of businesses and properties to a vehicle controlled by its directors in a series of complex deal which the company said was designed to reduce debt.

Investors will also be asked to approve the sale of Gail Thomson Marine, Beverley's most profitable subsidiary, to Villiers, the USM-quoted engineering company, for up to £1m.

In a prospectus sent to shareholders, Beverley proposes to sell two wholly owned subsidiaries, Beverley Group (Almondsbury) Ltd (BGAL) and ESL, for £1 each to Woodlands Grange Engineering, the executive directors' privately owned company.

Beverley's independent directors are recommending the transactions to shareholders as "vital to the group's future".

Mr Colin Robinson, chairman, said

that "in order for the group to have adequate working capital for its present requirements, it is necessary that the disposals are approved by shareholders".

The disposals would also eliminate substantial overhead costs.

However, some shareholders are believed to be unhappy with the property and business disposals to Woodlands Grange.

The agreement for example leaves one of the subsidiaries the subsidiaries, BGAL, with £237,000 in cash, which the directors say is equivalent to the amount which Beverley would pay in redundancies. However, these employees will not be made redundant.

As part of the deal, BGAL's employees will provide management and administrative services to Beverley Group.

Mr Robinson said this allowed Beverley to retain access to its acquisition team, when the time was ripe for expansion. Under the agreement, fees for such services cannot exceed £70,000 this year, unless one non-executive

director approves an increase.

The transactions also include the sale of ESL, a surveying subsidiary. Beverley is writing off inter-company debt of £821,000 and repaying a £350,000 bank overdraft. Mr Robinson said Beverley would have been obliged under cross guarantees to meet these debts in any case if, for example, the loss-making subsidiary had been closed.

Woodlands Grange is also buying three properties from Beverley for a total of £397,000, some £860,000 less than book value.

Shareholder concern is focused on the valuations of the properties, including the head office at Woodlands Grange, Bristol, which is being sold to the directors' private company for £612,000. The property is held in Beverley's books at £1.1m.

Beverley will continue to occupy at least 50 per cent of the property for an annual rent payable to Woodlands Grange Engineering of £51,000. Mr Robinson said Beverley had the option to occupy a further 25 per cent of the property at no extra cost.

Mr Robinson, who has previously worked for Gerald Ronson's Heron and Robert Maxwell at Hollis Industries, took a stake in Petrocon in 1991 intending to expand the group through acquisition.

The first purchase was Beverley, the vehicle for the industrial interests of Mr Robinson, his wife, Eleanor, Mr Christopher Colbeck and Mr Michael Bridge. Petrocon then changed its name to Beverley. Mr Colbeck, Mrs Robinson and Mr Bridge are now directors of the quoted company.

Mr Robinson said recession and the discovery of "significant problems" in Petrocon had forced the board to abandon its expansion strategy.

Beverley incurred a £929,000 loss for the first six months of the current financial year, against a deficit of £278,000 last year. Debt of £2.8m represented 60 per cent of shareholders funds.

The group incurred substantial costs last year in its abortive and highly controversial £35m bid for James Wilkes, the rival engineering company.

## DIVIDEND ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Eurocamp	9.75	Apr 21	8.3	9.75	9.75

Dividend shown pence per share net.



## INTERNATIONAL COMPANIES AND FINANCE

## German metals group to present final rescue plan

By David Waller in Frankfurt

Metallgesellschaft will continue its fight for survival this morning when it presents details of revised refinancing proposals to bank creditors owed DM5bn (\$2.96bn). Its plan will be presented at a hastily convened meeting in a Frankfurt hotel.

The stricken mining, metals and industrial group warned banks yesterday that today's package represented its last chance to avoid formal insolvency proceedings.

Although Metallgesellschaft itself did not tell banks about revisions to the original DM3.4bn rescue package, it emerged that Norddeutsche Landesbank, the public sector bank which condemned the package earlier this week, had won significant concessions.

NordLB, a house bank to the state of Lower Saxony, said the seven state sector banks owed a total of DM1bn by Metallgesellschaft agreed to the proposals as a result of the changes.

It was not clear yesterday whether the modifications would be enough to win over French banks, which declared opposition to the refinancing terms. Their resistance forced a deputation from Deutsche Bank and Dresdner Bank, Germany's two largest banks and big shareholders in the metals group, to fly to Paris for negotiations on Thursday.

The French banks, led by Société Générale and Crédit Lyonnais, objected to the details of the original proposals, and to what they said was a lack of information about

Metallgesellschaft's current financial position and prospects.

The negotiations broke off without any agreement on Thursday night, and the German delegation flew back to Frankfurt. Talks continued by telephone yesterday.

The original refinancing proposals envisaged a DM1.4bn rights issue, the conversion of DM1.5bn of bank debt into junior convertible stock, and DM700m in new credit lines.

NordLB said yesterday the proposals had been modified on a number of counts. These are:

- The refinancing need not be unilaterally agreed by all 120 creditor banks – a big change from the group's original stance that all had to agree. This leaves scope for some creditors not to take part in the proposals as long as the total sum of money is provided by the others.

- The amount of fresh money to be lent is likely to be halved to DM350m, implying that Deutsche and Dresdner have backed down from their original position that they would not lend any more money to the stricken conglomerate after extending DM1.5bn emergency facilities last month.

- The terms of the DM1.5bn conversion of debt to junior convertible stock are to be improved.

Metallgesellschaft's shares, readmitted to trading on the Frankfurt stock exchange yesterday after being suspended on Thursday, dropped sharply to DM214, down DM12 from Wednesday night's close.

## Alusuisse bid succeeds

By Ian Rodger in Zurich

Alusuisse-Lonza, the Swiss aluminium and packaging group, has succeeded in its C\$555m (US\$420.5m) takeover bid for the Canadian packaging group, Lawson Mardon.

Alusuisse said it had received more than 98 per cent of the Lawson shares before

the expiration of its public offer.

The addition of Lawson, with annual sales of C\$1.28bn, would roughly double the size of Alusuisse's fast-growing packaging division.

Mr Georges Schorderet, Alusuisse treasurer, said Lawson would be integrated quickly into the division.

## VNU moves into US magazine market

By Ronald van de Krol in Amsterdam

VNU, the Dutch publisher, yesterday unveiled a \$220m deal in the US that will give it control over two "bibles" of the West Coast entertainment industry, the daily newspaper Hollywood Reporter and Billboard magazine.

The Dutch publisher, best-known until now as the largest producer of consumer magazines in the Netherlands and Belgium, will also take over 17 other US trade magazines covering music, media and entertainment. The titles include Adweek, Music & Media, and Backstage.

The magazines are all published by BPI Communications, which VNU has agreed to buy from Boston Ventures, the New York Times and BPI's management. The BPI deal will also give VNU several business information databases that will tie in well with its existing US database activities.

VNU, which generated only 9 per cent of its turnover in the US in 1992, against 67 per cent in its home market, said the acquisition would give it a broader base from which to pursue further growth in the US.

The Dutch company, which is already active in trade magazine publishing in Europe, said: "The publications are all trade magazines, an area in which we have a lot of experience. However, the subject matter is new for us."

Its existing trade titles in Europe cover fields such as electronics, computers and engineering.

VNU said it would pay for BPI and raise money for future expansion by issuing 3m new shares during the first quarter, probably in March. The shares, equivalent to 20 per cent of VNU's existing capital base and worth around FI 530m (\$270m) at yesterday's price, will be placed by a banking consortium led by ABN-Amro and Goldman Sachs.

The company said it expected 1994 per-share profit to show a further increase even after the capital expansion.

## Murdoch faces fresh HK legal challenge

By Simon Holberton in Hong Kong

The troubles for Mr Rupert Murdoch's Star TV network deepened yesterday when Wharf Cable announced the start of legal proceedings to free it from an obligation to air Star TV's channels in Hong Kong.

The Hong Kong-based cable-TV station said it regretted that seven months of negotiations had failed to produce an agreement with Star.

The company's statement is more bad news for Star, which earlier this month suffered a setback in Taiwan, its most profitable market, when its advertising distributor severed its relationship with the broadcaster.

Mr Murdoch is expected in Hong Kong next month to oversee personally a reorganisation of the company, for which his News Corporation paid US\$525m last July for a 63 per cent interest.

Wharf Cable launched an eight-channel service at the end of October, five months after it had been awarded an exclusive licence by the Hong Kong government. It plans to invest HK\$50m (US\$6.48m) in a cable system capable of delivering 20 channels.

In June last year it began talks with Star about carrying seven Star TV satellite-based channels. It is unclear why

the two companies have not been able to agree terms, although industry executives suggest that differences in business style may partly explain the impasse.

Wharf said it intended to source alternative channels to bring the full programming line up to 20 channels. The loss of seven channels represented a substantial opportunity cost to the company, it said.

Raymond Snoddy adds: An independent survey in 13 countries out of the 53 covered by the Star TV satellite footprint shows that the five-channel service is now seen in 42m homes.

The survey, conducted in September

and November by Frank Small and Associates, shows that the number of homes receiving Star channels has nearly tripled since the last survey in January 1993.

In China, where the research was conducted in association with the Chinese authorities, an estimated 30m homes can receive Star. This represents 22 per cent of all television homes in the areas surveyed.

In India Star penetration has more than doubled to 7m.

Meanwhile, News Corporation has rejected reports by analysts that Star could lose between US\$60m and US\$80m.

## The victim of a data revolution

Citicorp got left behind after buying Quotron, writes Richard Waters

Mr Walter Wriston, the legendary head of Citicorp until the mid-1980s, had grand plans in the information services business. "Information about money is almost as important as money itself," he once said. "The information business could easily rival any of our banking businesses as a profit generator in the 1990s."

It was one of those sweeping, visionary statements of which Citicorp bosses are so fond. Mr John Reed, Mr Wriston's chosen successor and the current chairman, is also given to such weighty ponderings. And it was Mr Reed who, acting on Mr Wriston's precept, pushed through the bank's bold \$680m acquisition of Quotron, a supplier of screen-based financial information, in 1988.

The extent of the gap between Citicorp's ambitions and the realities of the information services business finally became clear this week, as the US's biggest bank announced it was selling Quotron's stock-price information business to Reuters (it will keep Quotron's foreign exchange business). The bank had written down its investment in the information company by \$400m in October 1991, and is thought to have been looking to dispose of it ever since. Now, it is taking a further \$175m charge and has agreed to pay Reuters money if Quotron's weakened market position deteriorates much further.

Quotron's problems spring

from its failure to adapt to a market which has changed quickly in recent years. When acquired by Citicorp, it was the market leader in the US equity market, with some 80,000 of its screens in use. The market for screen services was growing fast and price competition among information providers had yet to bite.

Things look very different now. For a start, the market (estimated at around 150,000-200,000 screens in the US) has stopped growing. The provision of share-price quotations (the basic "quote vendor" service on which Quotron's business is based) is a low-value service for which prices have been falling: prices supplied by the New York Stock Exchange are available for onward transmission to any information provider, making this a "commodity product".

At the same time, Citicorp admits to a lack of investment in Quotron's products until recently, when it revamped its service for the small brokers and institutional investors who comprise the low-value end of the share-price information market.

Quotron's competitors, led by Automated Data Processing, have been more ambitious, adding additional services to their basic quote service and developing interactive screens. Also, many users now prefer to take share-price quotes in the form of an electronic feed, which they



John Reed: pushed through \$680m Quotron acquisition

can then access on PCs. The decline in Quotron's market share indicates that it has been left behind. Citicorp puts the number of Quotron screens still in use at "more than 40,000". Big national brokerage firms such as Dean Witter and Kidder Peabody have dropped its service, though Paine Webber remains a customer.

The company has been left to concentrate on the low-value end of the market, where users pay little – typically \$100 a month or less – or a basic quote and news service. The difference between the Quotron service and that provided

by rivals like ADP and Reuters is like "the difference between a Hyundai and a Mercedes Benz", says Mr Michael Ellmann, an analyst at Wertheim Schroder. Quotron's problems have also sprung from the uncertainty about its future over the past two years.

The question now is whether Reuters can make any money out of the business. It is reported to have touted the idea of a screen service for the low end of the US equity market at the beginning of the decade, only to pull back when it concluded there was not enough money to be made.

Things may have changed since then. For a start, the technology has moved on. It may be possible for Reuters to find other ways to deliver the Quotron service, at a profit. The UK company may also believe it can sell its instant share trading service, which has become a highly profitable operation, to Quotron's users. Much will depend on how much Reuters has to invest to develop Quotron and strengthen its market position.

Based on its current customer base, the Quotron acquisition will make Reuters one of the two biggest providers of screen-based information to the equity markets alongside ADP, with around 40 per cent of the market between them.

It will also reinforce the UK company's attempts to move beyond the foreign exchange market, where it is a dominant force, and extend its leadership into other financial markets.

## Wal-Mart to extend store chain into Canada

By Richard Tomkins in New York

Wal-Mart, the biggest retailer in the US, is to spread its discount store empire into Canada. It is buying 120 of Woolco's 142 Woolco supermarkets for an undisclosed sum, and turning them into Wal-Mart outlets.

The deal marks a significant expansion for Wal-Mart. Although the company has more than 2,000 stores operating under the Wal-Mart name, and 360 membership warehouses operating under the Sam's Club name, the Canadian move will be its first venture outside the US, Puerto Rico and Mexico.

Canadian retailing stocks fell sharply as investors responded nervously to the threat of increased competition. Shares in Hudson's Bay, the country's biggest retailer, fell C\$4½ to C\$55.

Woolworth Canada's US parent said the Woolco stores were being sold in line with its strategy of switching away from general merchandising to concentrate on higher-growth specialty retailing outlets such as Foot Locker and Northern Reflections.

In October the group announced a restructuring involving the closure of 970 stores in the US and Canada. Yesterday it emphasised it was not pulling out of Canada.

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Dear All,  
We've been here just over a month now. It's quite a challenge being an expatriate but we've made a wonderful discovery. It's a magazine called Resident Abroad and it's helped us with all kinds of problems. It has a property section which will help us here as well as sorting out the house back home. It's got educational updates (for the kids), health insurance coverage and all sorts of financial information from local currency evaluation to general expert salary updates. And I'm hoping to take advantage of the wealth of investment pointers that it gives! I don't know where I'd be without it.

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## COMMODITIES AND BOND PRICES

## WEEK IN THE MARKETS

## Alcan cuts add fuel to metals rally

Alcan of Canada restocked the boiler of a general London Metal Exchange rally that was showing signs of running out of steam when it announced late on Thursday that it was making immediate cuts amounting to 156,000 tonnes in a full year in its aluminium production.

The news came at an opportune moment, just a few days before the commencement of a second round of multilateral talks on curbing the international aluminium market's growing oversupply problem.

At these talks, beginning in Brussels on Tuesday, representatives from Australia, Canada, the European Union, Norway, the US and Russia - widely

expected to agree terms for output cuts of up to 2m tonnes a year.

With the LME already closed, the initial reaction to the Alcan news in inter-office trading was somewhat muted. But yesterday saw a sharp rally that took the LME three months price to a five-month high of \$1,208 a tonne at one point.

At the close it stood at \$1,205.75 a tonne, up \$38 on the day and \$56.25 on the week. Other LME base metals contracts joined in the fun. Three months copper, which had already been showing a \$33.25 rise on the week, added another \$46 to close at \$1,826.50 a tonne, while three months nickel extended its weekly gain from \$410 to \$470 at \$6,757.50 a tonne. The lead lead price closed at \$508.50 a tonne, up \$12 on the day and \$35 on the week, and zinc added \$35 to its

earlier \$21.50 rise. Tin closed at \$5,022.50 a tonne, up \$265 on the week, after gaining \$162.50 yesterday.

"After a few days of consolidation the markets look to have firmly established uptrends and are attracting technical buying from [investors following] charts and [investment funds, one dealer told the Reuters news agency.

The earlier gains had brought a dubious response from some analysts, who said speculators were ignoring the poor fundamental outlook for base metals.

Mr Wiktor Bielski of Bain & Company, part of the Deutsche Bank group, pointed out that nickel had been the "star performer" with a 50 per cent rise from its October low, although the metal's prospects had been deteriorating.

"Metals are cheap compared with the stock and bond market," he pointed out, "and a little money can move prices quite a long way."

At the London Commodity Exchange the cocoa market began by continuing last week's fall, which had been influenced by growing expectations of a big devaluation of the CFA franc, the currency of former French African colonies including the Ivory Coast, the world's biggest cocoa producer. But, as is so often the case, the actual event, which came on Wednesday, brought a reversal in the price trend.

Having dipped to \$285 a tonne on that day the LCE's May futures position rallied to end the week \$23 up on balance at \$299 a tonne.

In the absence of fresh fundamental news dealers attributed the rally, which peaked yesterday at \$298 a tonne, to a "positive" technical picture.

And the uptrend had been fuelled by covering against earlier "short" sales prompted, they told Reuters, by the appearance of one or two large buyers in the market.

Analysts said yesterday's announcement by the Ivory Coast of an increase in prices paid to farmers following the devaluation was unlikely to lead to substantially higher shipments in the near future.

Richard Mooney

## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Unsmelted Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

Cash 1188-9 1205-5-6.0  
1188-9 1205-5-6.0  
Previous 1188-9 1205-5-6.0  
High/Low 1188-9 1205-5-6.0  
AM Official 1188-9 1205-5-6.0  
Kerb close 1188-9 1205-5-6.0  
Open int. 272,672  
Total daily turnover 62,885

ALUMINIUM ALLOY (\$ per tonne)

Cash 1007-9 1031-0  
Previous 1007-9 1031-0  
High/Low 1007-9 1031-0  
AM Official 1007-9 1031-0  
Kerb close 1007-9 1031-0  
Open int. 2,674  
Total daily turnover 361

LEAD (\$ per tonne)

Cash 496-7 508-9  
Previous 496-7 508-9  
High/Low 496-7 508-9  
AM Official 496-7 508-9  
Kerb close 496-7 508-9  
Open int. 32,252  
Total daily turnover 6,584

NICKEL (\$ per tonne)

Cash 5690-700 5755-60  
Previous 5690-700 5755-60  
High/Low 5690-700 5755-60  
AM Official 5690-700 5755-60  
Kerb close 5690-700 5755-60  
Open int. 18,021  
Total daily turnover 3,519

TIN (\$ per tonne)

Cash 4985-75 5020-5  
Previous 4985-75 5020-5  
High/Low 4985-75 5020-5  
AM Official 4985-75 5020-5  
Kerb close 4985-75 5020-5  
Open int. 16,021  
Total daily turnover 3,519

ZINC, special high grade (\$ per tonne)

Cash 1094-5 1023-4  
Previous 1094-5 1023-4  
High/Low 1094-5 1023-4  
AM Official 1094-5 1023-4  
Kerb close 1094-5 1023-4  
Open int. 98,927  
Total daily turnover 23,231

COPPER, grade A (\$ per tonne)

Cash 1805-7.5 1827-3  
Previous 1805-7.5 1827-3  
High/Low 1805-7.5 1827-3  
AM Official 1805-7.5 1827-3  
Kerb close 1805-7.5 1827-3  
Open int. 254,743  
Total daily turnover 30,254

LME AM Official 2/5 rates, 14895

LME Closing 5/5 rates, 14890

Spot 14815 3 mth 14817 6 mth 14819 9 mth 14821

HIGH GRADE COPPER (COMD)

Cash 1805-7.5 1827-3  
Previous 1805-7.5 1827-3  
High/Low 1805-7.5 1827-3  
AM Official 1805-7.5 1827-3  
Kerb close 1805-7.5 1827-3  
Open int. 254,743  
Total daily turnover 30,254

Day's price change High Low Int Vol

Jan 84.70 +1.70 84.70 84.70 1,078 95  
Mar 84.40 +1.50 84.40 84.40 1,269 31  
May 84.30 +1.25 84.30 84.30 1,410 3,440  
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## Precious Metals continued



**TREND**  
ANALYSIS LIMITED



## LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent of the London Stock Exchange. List should be reproduced without permission. Details relate to those securities not included in the FT Share Information Service. Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 11 pm on Thursday and settled through the Stock Exchange Talcott system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings. For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date. Rule 353(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd. Bargains at special prices. Bargains denote the previous day.

## British Funds, etc

Treasury 10% 15/10/2000-2001-2002-2003-2004-2005-2006-2007-2008-2009-2010-2011-2012-2013-2014-2015-2016-2017-2018-2019-2020-2021-2022-2023-2024-2025-2026-2027-2028-2029-2030-2031-2032-2033-2034-2035-2036-2037-2038-2039-2040-2041-2042-2043-2044-2045-2046-2047-2048-2049-2050-2051-2052-2053-2054-2055-2056-2057-2058-2059-2060-2061-2062-2063-2064-2065-2066-2067-2068-2069-2070-2071-2072-2073-2074-2075-2076-2077-2078-2079-2080-2081-2082-2083-2084-2085-2086-2087-2088-2089-2090-2091-2092-2093-2094-2095-2096-2097-2098-2099-2100-2101-2102-2103-2104-2105-2106-2107-2108-2109-2110-2111-2112-2113-2114-2115-2116-2117-2118-2119-2120-2121-2122-2123-2124-2125-2126-2127-2128-2129-2130-2131-2132-2133-2134-2135-2136-2137-2138-2139-2140-2141-2142-2143-2144-2145-2146-2147-2148-2149-2150-2151-2152-2153-2154-2155-2156-2157-2158-2159-2160-2161-2162-2163-2164-2165-2166-2167-2168-2169-2170-2171-2172-2173-2174-2175-2176-2177-2178-2179-2180-2181-2182-2183-2184-2185-2186-2187-2188-2189-2190-2191-2192-2193-2194-2195-2196-2197-2198-2199-2200-2201-2202-2203-2204-2205-2206-2207-2208-2209-2210-2211-2212-2213-2214-2215-2216-2217-2218-2219-2220-2221-2222-2223-2224-2225-2226-2227-2228-2229-2230-2231-2232-2233-2234-2235-2236-2237-2238-2239-2240-2241-2242-2243-2244-2245-2246-2247-2248-2249-2250-2251-2252-2253-2254-2255-2256-2257-2258-2259-2260-2261-2262-2263-2264-2265-2266-2267-2268-2269-2270-2271-2272-2273-2274-2275-2276-2277-2278-2279-2280-2281-2282-2283-2284-2285-2286-2287-2288-2289-2290-2291-2292-2293-2294-2295-2296-2297-2298-2299-2300-2301-2302-2303-2304-2305-2306-2307-2308-2309-2310-2311-2312-2313-2314-2315-2316-2317-2318-2319-2320-2321-2322-2323-2324-2325-2326-2327-2328-2329-2330-2331-2332-2333-2334-2335-2336-2337-2338-2339-2340-2341-2342-2343-2344-2345-2346-2347-2348-2349-2350-2351-2352-2353-2354-2355-2356-2357-2358-2359-2360-2361-2362-2363-2364-2365-2366-2367-2368-2369-2370-2371-2372-2373-2374-2375-2376-2377-2378-2379-2380-2381-2382-2383-2384-2385-2386-2387-2388-2389-2390-2391-2392-2393-2394-2395-2396-2397-2398-2399-2400-2401-2402-2403-2404-2405-2406-2407-2408-2409-2410-2411-2412-2413-2414-2415-2416-2417-2418-2419-2420-2421-2422-2423-2424-2425-2426-2427-2428-2429-2430-2431-2432-2433-2434-2435-2436-2437-2438-2439-2440-2441-2442-2443-2444-2445-2446-2447-2448-2449-2450-2451-2452-2453-2454-2455-2456-2457-2458-2459-2460-2461-2462-2463-2464-2465-2466-2467-2468-2469-2470-2471-2472-2473-2474-2475-2476-2477-2478-2479-2480-2481-2482-2483-2484-2485-2486-2487-2488-2489-2490-2491-2492-2493-2494-2495-2496-2497-2498-2499-2500-2501-2502-2503-2504-2505-2506-2507-2508-2509-2510-2511-2512-2513-2514-2515-2516-2517-2518-2519-2520-2521-2522-2523-2524-2525-2526-2527-2528-2529-2530-2531-2532-2533-2534-2535-2536-2537-2538-2539-2540-2541-2542-2543-2544-2545-2546-2547-2548-2549-2550-2551-2552-2553-2554-2555-2556-2557-2558-2559-2560-2561-2562-2563-2564-2565-2566-2567-2568-2569-2570-2571-2572-2573-2574-2575-2576-2577-2578-2579-2580-2581-2582-2583-2584-2585-2586-2587-2588-2589-2590-2591-2592-2593-2594-2595-2596-2597-2598-2599-2600-2601-2602-2603-2604-2605-2606-2607-2608-2609-2610-2611-2612-2613-2614-2615-2616-2617-2618-2619-2620-2621-2622-2623-2624-2625-2626-2627-2628-2629-2630-2631-2632-2633-2634-2635-2636-2637-2638-2639-2640-2641-2642-2643-2644-2645-2646-2647-2648-2649-2650-2651-2652-2653-2654-2655-2656-2657-2658-2659-2660-2661-2662-2663-2664-2665-2666-2667-2668-2669-2670-2671-2672-2673-2674-2675-2676-2677-2678-2679-2680-2681-2682-2683-2684-2685-2686-2687-2688-2689-2690-2691-2692-2693-2694-2695-2696-2697-2698-2699-2700-2701-2702-2703-2704-2705-2706-2707-2708-2709-2710-2711-2712-2713-2714-2715-2716-2717-2718-2719-2720-2721-2722-2723-2724-2725-2726-2727-2728-2729-2730-2731-2732-2733-2734-2735-2736-2737-2738-2739-2740-2741-2742-2743-2744-2745-2746-2747-2748-2749-2750-2751-2752-2753-2754-2755-2756-2757-2758-2759-2760-2761-2762-2763-2764-2765-2766-2767-2768-2769-2770-2771-2772-2773-2774-2775-2776-2777-2778-2779-2780-2781-2782-2783-2784-2785-2786-2787-2788-2789-2790-2791-2792-2793-2794-2795-2796-2797-2798-2799-2800-2801-2802-2803-2804-2805-2806-2807-2808-2809-2810-2811-2812-2813-2814-2815-2816-2817-2818-2819-2820-2821-2822-2823-2824-2825-2826-2827-2828-2829-2830-2831-2832-2833-2834-2835-2836-2837-2838-2839-2840-2841-2842-2843-2844-2845-2846-2847-2848-2849-2850-2851-2852-2853-2854-2855-2856-2857-2858-2859-2860-2861-2862-2863-2864-2865-2866-2867-2868-2869-2870-2871-2872-2873-2874-2875-2876-2877-2878-2879-2880-2881-2882-2883-2884-2885-2886-2887-2888-2889-2890-2891-2892-2893-2894-2895-2896-2897-2898-2899-2900-2901-2902-2903-2904-2905-2906-2907-2908-2909-2910-2911-2912-2913-2914-2915-2916-2917-2918-2919-2920-2921-2922-2923-2924-2925-2926-2927-2928-2929-2930-2931-2932-2933-2934-2935-2936-2937-2938-2939-2940-2941-2942-2943-2944-2945-2946-2947-2948-2949-2950-2951-2952-2953-2954-2955-2956-2957-2958-2959-2960-2961-2962-2963-2964-2965-2966-2967-2968-2969-2970-2971-2972-2973-2974-2975-2976-2977-2978-2979-2980-2981-2982-2983-2984-2985-2986-2987-2988-2989-2990-2991-2992-2993-2994-2995-2996-2997-2998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**By Terry Byland,  
UK Stock Market Editor**

ments on interest rate prospects from the president of the Bundesbank, all helped UK equities. With trading houses still struggling to find stock in spite of the market downturn earlier in the week, prices were squeezed higher when the buyers appeared.

Wall Street, having given ground overnight, started the new session in good form, adding 22 Dow points. London fell down for the day.

The clincing withdrawal of the US sellers who had been very active in index futures Thursday. This left the market open for UK institutions, which have become wary lest overseas buyers spread the drive London to record its first gains in the first six months of this month. Pension funds, increasing their holdings

Account Dealing Dates			
*First Dealing:	Jan 4	Jan 17	Jan 31
Option Declarations:	Jan 13	Jan 27	Feb 10
Last Dealing:	Jan 14	Jan 26	Feb 11
Account Day:	Jan 15	Jan 27	Feb 21
*New time dealings business days earlier.			

per cent. Total Seaq business just topped the 1bn share mark, compared with \$95m on Thursday. The retail value was again high at £1.94bn.

Their substantial recovery yesterday, the FTSE Index showed a fall of only 17.3 points over the two-week equity account. But the index has lost 10 points this week as the market's performances in the new year have been challenged by US selling of the London market.

The strength of equities contrasted with British government bonds, which tumbled sharply yesterday as the sector braced itself for the possibility that the Bank of England said yesterday would be held on January 26 and would consider conventional gilts maturing from 2009 to 2012.

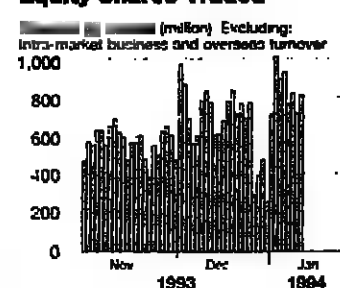
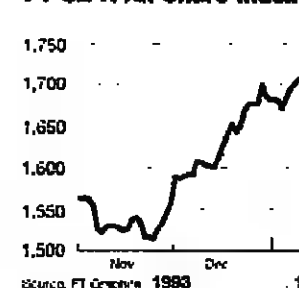
Short-dated gilts shed 3 pence yesterday.

day as basic rate hopes remained on the [ ] burner, while longer dates fell by [ ] to half a point. Index-linked, however, edged forward.

The recovery in share prices yesterday reflected the generally very favourable bias of government comment on the London market from both domestic and international securities houses.

[ ] have been around perceptions that [ ] rates might [ ] withheld and [ ] that equity valuations are too high.

But BZW, the London based [ ] bank, [ ] that "the key evidence of a market peak" is still missing". It believes that debt and unemployment levels in the UK are still too high to allow any significant tightening of monetary policy in the absence of clear inflationary pressures.



## ■ Major Stocks yesterday

[illegible]

100

A **surge** as UK institutions **aggressively** buyers of the London market sent **contracts** sharply forward and brought heavy dealing in the **subset** options, writes **Joel Kibazo**.

**After** an **active** week of exaggerated swings, buyers were **active** for the March 100 from 100 on the FT-SE 100 opened at 3,382. **Contract** US **had** had **less** prominent **action** in the last few **trading** had **emerged** on the **sidelines** as UK institutions moved in.

**March** lost some momentum mid-session, as traders made the **major** advance **it** **arbitrage** between the **cost** and the **market** markets. However, a good premium to **cash** was maintained throughout the day. It closed at 3,425, just ahead of its **late** **week** premium to **cash** of 13 points, as volume

**Turnover** in **the** traded options jumped to a hefty **22,483** **contracts** with heavy trading in the FT-SE 100 option bring closing volume of 22,483.

FT-SE 100 INDEX FUTURES (LFFD) £25 @ full index point											
	Open	Sett price	Change	High	Low	Vol	Open int.				
Mar	3418.0	+48.0	3432.0			18795	66321				
Jun	3430.0	+49.0	3452.0			1192	4807				
Sep	3446.0	+43.0	-			0	200				

Contract based on FTSE 100 open interest figures are in millions

FT-SE 100 INDEX OPTION (LFFD) £3500 @ full index point											
	3200	3250	3300	3350	3400	3450	3500	3550	3600	3650	3700
	P	P	P	P	P	P	P	P	P	P	P
Jan	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5
Feb	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5
Mar	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5
Jun	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5
Sep	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5
Dec	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5
Jan	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5
Feb	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5
Mar	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5
Jun	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5
Sep	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5
Dec	289.2	7	130.1	11	111.2	3	8	29.1	23.5	10	5

Jan 1995 Feb 1995 Mar 1995 Jun 1995 Sep 1995 Dec 1995

EURO STYLE FT-SE 100 INDEX OPTION (LFFD) £10 @ full index point											
	3125	3175	3225	3275	3325	3375	3425	3475			
	P	P	P	P	P	P	P	P			
Jan	220.1	1	180.2	1	131.3	1	15	1			
Feb	220.1	1	180.2	1	131.3	1	15	1			
Mar	220.1	1	180.2	1	131.3	1	15	1			
Jun	220.1	1	180.2	1	131.3	1	15	1			
Sep	220.1	1	180.2	1	131.3	1	15	1			
Dec	220.1	1	180.2	1	131.3	1	15	1			

Scale 3,000 Pts 1,400 = Underlying index value. Premiums shown are in pence

### Power generation

Power generation ■■■■ ■■■■ ■■■■ the market's ■■■■ performers ■■■■ utilities specialists saying ■■■■ the utilities sectors, which ■■■■ support because of their high yields and quality ■■■■ earnings, ■■■■ suffer in the absence of any UK interest ■■■■ reductions in the short term.

The generators were the worst affected, with UBS, the Swiss-owned stockbroking firm, said to have been an aggressive seller. There were ■■■■ suggestions that PowerGen and National Power could be about to sell some power stations, to try to head off a referral to the Monopolies and Mergers Commission.

Just before Christmas, Offer, the electricity watchdog, said the English generators could avoid an MMC referral if they came up with an acceptable pricing regime and sold ■■■■ of their power stations.

The Scottish generators were heavily sold. Scottish Power selling 13, to 4.9 per cent, to 44p, on heavy turnover of 5.3n shares. Hydro dipped 11, to 4.6p, on 1.9n shares. Power fell 11, to 46p per ■■■■ to 467p and PowerGen 8.1n, to 46p.

Smaller companies attracted keen interest in activity helped by an upbeat investment seminar at Kleinwort Benson.

The Kleinwort team was especially bullish on the television stocks, which made good progress yesterday. Other stocks to respond included Microgram, 11 higher at 320p, 151p and Ricardo and Sidlaw which were 2 apiece at 192p and 338p.

TSB's preliminary figures continued to trigger support for other high street banks ahead of their results. The bank gets under way in February. Abbey National was a big beneficiary of straight buying and high-riding shares. Lloyds heavily sold, and the bank spurred a further 13 to a peak 520p. Lloyds' share off at 525p. The Hong Kong market's strong rally left HSBC up 9 1/2p. The bank put on 14 to 1168p with dealers expecting a significant profits upgrade from a top broker next week.

Building stocks continued to attract big buying interest as recent strong sales figures released by the Builders Merchants Federation triggered numerous profits upgrades.

RMC shares were further boosted by improved hopes for lower German interest rates. The stock climbed 17 to a record 1027p. Anglo was a lone weak performer, falling to 319p.

ery in advertising spending, strong cash flows resulting in higher dividends and the growth of multi media would make the sector remained attractive. ■ said that WPP and Mirror offered above average growth prospects. WPP gained 1.3 to 107p while Mirror gained 1.1 to 187p.

Advertising group Goldcrest and Troit approved 100% making a net increase of 10p per share or 10 per cent over the week. The company has acquired control over its joint venture with Amsterdam based group GSK.

Further consideration of the takeover of the company by Reuters Holdings ■ acquire the loss-making Quotron equity dealing business in New York. Reuters shares up 1.1 to 190p, a new high.

Pharmaceuticals group SmithKline Beecham attracted heavy buying on the back of Thursday's official launch of the company's new shingles treatment and the shares jumped 1.7 to 434p. Meanwhile, Wellcome shares, which had suffered from the competitive threat posed by the drug industry, have hit bottom and are now trading on a very good two-way basis. Wellcome's stock back up 5 to 535p, a hefty volume of 8.8m.

Engineering group Clayton & Davis, which had been trading ahead to 103p, after it said it was in a position that could lead to a bid.

British Aerospace was among a handful of ■ 100 stocks that were in the market for a bid. The market was led by Credit Lyonnais strengthening investors' sell

[illegible]

1. **1.1 - Old Notaries Share Masses**

	Jan 10	Jan 9	Jan 13	Jan 12	Jan 11	2009 avg	2010 avg
FT-06 100	3919.8	+1.2	3930.0	3919.8	3919.8	3919.1	3919
FT-06 100/ 200	3919.7		3882.1	3845.8		2950.4	
FT-06 100 200 ex New York	3922.5	+0.4	3902.8	3908.5	3908.5		
FT-06A 300	1944.0	+0.8	1922.0	1922.3	1911.6	1359.4	
FT-06 300/ 200	1944.0		1922.0	1922.3			2.82
FT-06 300/ 200 ex New York	1952.3			1922.5			0.90
FT-06 A 100/ 200	3919.8	+1.1	3930.0	3919.8	3919.8		

FILE NO. \_\_\_\_\_ DATE \_\_\_\_\_

YTC Ratio	Avg. Yield	Avg. Return	Interest		Income Component					
			High	Low	High	Low				
22.50	0.71	10.00	3482.08	25912/93	2737.51	181/83	3482.08	2812/83	888.8	
	0.60	10.00			157.00			147/84	1279.4	211/88
23.50	0.60	10.00	3622.0	157.00	2854.0		13.25	71/84	1708.3	170/88
	0.50	10.00			157.00					
	0.50	10.00	19101.00		10000.00				1353.79	
	1.03	10.00	10000.00	157.00	1330.06	417/93	1902.28			311/92
24.00	0.80	1291.82	1708.00		1330.13	181/83				

Jan Day's 100%

12	MINERAL EXTRACTION(18)	3762.85	+1.1	3779.88	3835.20	3850.01	3308.40	3.30	4.54	11.11	0.00	1005.09	2945.78	1552.08	1552.08	75.93	75.93	690.23	690.23
13	Extractive Industries(18)																		
15	Oil, Intergas(2)	8517.16	+0.7	8478.71	8512.21	8540.70	8140.30	3.47	3.67	10.00	100.84	2324.99	7175.18	1579.93	1579.93	2592.60	717.94	802.92	2022.98
16	Oil Exploration & Prod(11)	1709.23	+0.7	1674.14	1701.27	1705.75	1696.40	5.10	3.83	23.56	0.00	1013.54	2142.16	939.93	1696.40	1410.14	876.00	2002.90	2076.06
20	SECTOR SUBTOTALS(20)	2080.01	+1.1	2084.12	2094.12	2080.01	1953.00	2.56	1.29	80.00	0.69	111.11	2080.01	1000.00	1000.00	238.01	238.01	65.18	65.18
21	Building & Construction(7)	1370.07	+1.1	1370.07	1370.07	1370.07	1370.07	2.56	1.29	80.00	0.69	111.11	1370.07	1370.07	1370.07	2125.00	2125.00	65.18	65.18
22	Chemical & Nonchemical(13)	2345.89	+0.6	2327.32	2336.61	2380.00	2331.70	4.32	4.32	0.00	11.11	1020.27	2278.07	1330.00	1330.00	2280.73	714.94	944.92	944.92
24	Diversified Industries(14)	2005.26	+2.0	2005.27	2005.27	2005.27	1794.59	4.32	4.32	0.00	1.14	100.00	2005.27	1000.00	1000.00	2005.27	714.94	944.92	2116.98
25	Electric & Heat Energy(13)	3123.39	+0.4	3116.01	3077.51	3116.01	3116.01	4.32	4.32	0.00	0.69	111.11	3123.39	1316.01	1316.01	2005.27	714.94	944.92	2116.98
26	Food, Beverage & Tobacco(13)	1600.00	+0.6	1600.00	1600.00	1600.00	1600.00	4.32	4.32	0.00	1.14	100.00	1600.00	1316.01	1316.01	2005.27	714.94	944.92	2116.98
27	Engineering, Vehicle(13)	2300.00	+0.6	2300.00	2300.00	2300.00	2300.00	4.32	4.32	0.00	1.14	100.00	2300.00	1316.01	1316.01	2005.27	714.94	944.92	2116.98
28	Printing, Paper & Poly(2)	2861.13	+0.6	2861.13	2861.13	2861.13	2861.13	4.32	4.32	0.00	1.14	100.00	2861.13	1316.01	1316.01	2005.27	714.94	944.92	2116.98
29	Textiles & Apparel(2)	1935.92	+1.4	1935.92	1935.92	1935.92	1935.92	4.32	4.32	0.00	1.14	100.00	1935.92	1316.01	1316.01	2005.27	714.94	944.92	2116.98
30	CONSUMER GOODS(30)	3002.22	+1.3	2983.46	2978.26	3002.22	3002.22	4.32	4.32	0.00	1.14	100.00	3002.22	1316.01	1316.01	2005.27	714.94	944.92	2116.98
31	Consumer(17)	2983.46	+1.3	2983.46	2983.46	2983.46	2983.46	4.32	4.32	0.00	1.14	100.00	2983.46	1316.01	1316.01	2005.27	714.94	944.92	2116.98
32	Food, Wine & Cider(10)	301.57	+1.0	301.57	301.57	301.57	301.57	4.32	4.32	0.00	1.14	100.00	301.57	1316.01	1316.01	2005.27	714.94	944.92	2116.98
33	Foot Manufacture(2)	251.70	+1.0	251.70	251.70	251.70	251.70	4.32	4.32	0.00	1.14	100.00	251.70	1316.01	1316.01	2005.27	714.94	944.92	2116.98
34	Household Goods(12)	277.10	-0.3	277.10	277.10	277.10	277.10	4.32	4.32	0.00	1.14	100.00	277.10	1316.01	1316.01	2005.27	714.94	944.92	2116.98
35	Health Goods(2)	221.30	+0.3	221.30	221.30	221.30	221.30	4.32	4.32	0.00	1.14	100.00	221.30	1316.01	1316.01	2005.27	714.94	944.92	2116.98
36	Personal Products(1)	221.30	+0.3	221.30	221.30	221.30	221.30	4.32	4.32	0.00	1.14	100.00	221.30	1316.01	1316.01	2005.27	714.94	944.92	2116.98
37	Tobacco(1)	4418.35	+0.6	4365.55	4152.92	4222.42	3479.60	4.35	3.91	16.17	0.01	99.99	4222.42	4739.35	3819.93	4739.35	4152.92	920.00	920.00
40	SERVICE(20)	2149.18	+1.2	2122.77	2111.19	2043.43	2040.24	2.78	5.21	1.21	0.00	1030.50	2111.19	1739.50	75.93	75.93	641.94	641.94	2316.98
41	Utilities(3)	3054.65	+0.3	3044.80	3011.19	3043.43	3040.24	2.74	5.21	1.21	0.00	1030.50	3044.80	1414.94	1414.94	3044.80	75.93	75.93	2316.98
42	Leisure & Hotels(2)	226.16	+0.8	226.16	226.16	226.16	226.16	3.58	4.71	24.00	0.00	100.00	226.16	100.00	100.00	226.16	75.93	75.93	2316.98
43	Transport(1)	226.16	+0.8	226.16	226.16	226.16	226.16	3.58	4.71	24.00	0.00	100.00	226.16	100.00	100.00	226.16	75.93	75.93	2316.98
44	Realities, Food(17)	1872.93	+1.8	1872.93	1872.93	1872.93	1872.93	2.28	2.28	0.00	0.00	2282.20	2915.00	1409.00	1409.00	2915.00	714.94	944.92	2116.98
45	Realities, General(4)	1864.20	+0.8	1864.20	1864.20	1864.20	1864.20	2.28	2.28	0.00	0.00	1864.20	2915.00	1409.00	1409.00	2915.00	714.94	944.92	2116.98
46	Support Services(4)	1788.34	+1.0	1788.34	1788.34	1788.34	1788.34	2.28	2.28	0.00	0.00	1788.34	2915.00	1409.00	1409.00	2915.00	714.94	944.92	2116.98
47	Transport(1)	1788.34	+1.0	1788.34	1788.34	1788.34	1788.34	2.28	2.28	0.00	0.00	1788.34	2915.00	1409.00	1409.00	2915.00	714.94	944.92	2116.98
48	Other Services & Business(1)	1222.91	+0.5	1217.62	1220.32	1227.85	1227.85	3.58	3.58	0.00	0.00	1222.91	2915.00	1409.00	1409.00	2915.00	714.94	944.92	2116.98
50	UTILITIES(30)	2812.58	+1.0	2614.19	2622.72	1995.90	3.81	6.15	14.80	1.43	0.00	2741.40	2912.93	2116.98	2116.98	2812.58	714.94	944.92	2116.98
51	Electricity(17)	-1.8	+3.08	1.12	2475.51	1.12	1.12	0.00	0.00	2.70	93.38	2580.10	2912.93	1529.70	329.50	1529.70	2912.93	714.94	944.92
52	Gas (1)	241.29	+0.8	241.29	241.29	241.29	241.29	5.25	7.38	16.48	0.00	241.29	2912.93	1529.70	329.50	1529.70	2912.93	714.94	944.92
53	Telecommunications(4)	235.74	+0.4	235.74	235.74	235.74	235.74	5.25	7.38	16.48	0.00	235.74	2912.93	1529.70	329.50	1529.70	2912.93	714.94	944.92
54	Other Services & Business(1)	-0.47	+0.02	2092.73	2008.43	2008.78	1455.11	4.54	1.51	0.00	0.00	2108.61	2912.93	1529.70	329.50	1529.70	2912.93	714.94	944.92
60	NON-FINANCIAL(432)	1802.85	+1.8	1784.72	1782.72	1456.00	4.54	5.51	22.23	0.00	0.00	1916.17	1474.32	2625.56	2912.93	2912.93	714.94	944.92	2116.98
70		2558.44	+1.5	2558.44	2558.44	1700.18	45.90	45.90	0.00	98.27	2698.59	2912.93	1698.70	1316.01	1316.01	2912.93	714.94	944.92	2116.98
71		1532.77	+1.2	1514.70	1392.52	1524.74	1277.80	3.72	3.66	0.00	99.91	2476.94	2912.93	3440.40	3440.40	2912.93	714.94	944.92	2116.98
74	Life Insurance(1)	3508.35	+0.7	3481.70	3482.48	3508.35	3482.48	4.35	28.88	0.00	1026.12	2912.93	1529.70	329.50	1529.70	2912.93	714.94	944.92	2116.98
75	Marshall, Bonds(2)	2015.32	+1.1	2015.32	2015.32	2015.32	2015.32	4.35	28.88	0.00	1026.12	2912.93	1529.70	329.50	1529.70	2912.93	714.94	944.92	2116.98
76	Financial Products(2)	2015.32	+1.1	2015.32	2015.32	2015.32	2015.32	4.35	28.88	0.00	1026.12	2912.93	1529.70	329.50	1529.70	2912.93	714.94	944.92	2116.98
77	Financial Products(2)	2015.32	+1.1	2015.32	2015.32	2015.32	2015.32	4.35	28.88	0.00	1026.12	2912.93	1529.70	329.50	1529.70	2912.93	714.94	944.92	2116.98
78	Financial Products(2)	2015.32	+1.1	2015.32	2015.32	2015.32	2015.32	4.35	28.88	0.00	1026.12	2912.93	1529.70	329.50	1529.70	2912.93	714.94	944.92	2116.98
79	Financial Products(2)	2015.32	+1.1	2015.32	2015.32	2015.32	2015.32	4.35	28.88	0.00	1026.12	2912.93	1529.70	329.50	1529.70	2912.93	714.94	944.92	2116.98
80	NON-FINANCIAL(432)	1802.85	+1.8	1784.72	1782.72	1456.00	4.54	5.51	22.23	0.00	0.00	1916.17	1474.32	2625.56	2912.93	2912.93	714.94	944.92	2116.98

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-SE 100	3370.9	3374.7	3373.7	3398.2	3405.1	3401.4	3401.9	3395.3	3398.0	3408.6
-SE Mid 200	3887.5	3891.9	3903.2	3910.8	3914.2	3914.5	3913.4	3914.4	3915.7	
-SE A 350	1694.2	1695.7	1706.3	1709.7	1708.6	1708.9	1708.2	1707.4		

Open	9.00	10
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[illegible]

FTSE 100 250 FTSE-Mid 250 and the FTSE Actuaries 350 Indices by the London Stock Exchange and the FT-SE Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by the Financial Times Limited, both in conjunction with the Institute Of Actuaries and the Faculty of Actuaries under a standard set of agreed rules. © The International Stock Exchange of the United Kingdom and the International Stock Exchange of the United States and the London Stock Exchange. All rights reserved. "FT-SE" and "Footsie" are registered trademarks of the Financial Times Limited 1984. © The Financial Times Limited 1984. All rights reserved. "FT-SE" and "Footsie" are registered trademarks of the Financial Times Limited 1984. All rights reserved. **CONSTITUTIONAL CHANGE: NAME CHANGE:** Amber Day 21p now View Group 21p (45).

## Coats in demand

Leading textile group Courts  
Vivella was one of the stron-  
100 performers in the FTSE  
Court reiterated a buy  
penny. The Analyst rose 6%  
237.3. Analyst Mr Mark Pulek-  
said the had been  
suggested down by recent down-  
Courtaulds Textile  
William Balrd and Dawson  
International. He while the  
three companies had recovered  
Courts had been behind.  
"On our profit forecast of  
192m for this year the shares  
had fallen to a market rating  
after being at a 30 per cent  
Court said Mr Pulek-  
Courtaulds Textile  
51Sp, Dawson formed a penny  
148p William Balrd  
at 283p.

■ ■ ■ ■ ■ off its buy list. **Forté** was up 13p to 283 on ■ ■ ■ ■ ■ consideration of the possible Ciga bid. Eurocamp rose ■ ■ ■ ■ ■ 286 ■ ■ ■ ■ ■ good results.

Leisure group ■ ■ ■ ■ ■ fell 11p to 651p on concern that ■ ■ ■ ■ ■ bid for ■ ■ ■ ■ ■ LWT might prove tougher than expected. There is speculation that LWT is talking to an unnamed North American company, which might take around 30 per cent of LWT in an effort ■ ■ ■ ■ ■ block Granada's hostile offer. LWT shares closed ■ ■ ■ ■ ■ 867p.

Advertiser ■ ■ ■ ■ ■ International and newspaper Mirror Group received encouragement from ■ ■ ■ ■ ■ selected ■ ■ ■ ■ ■ once again. ■ ■ ■ ■ ■ two companies ■ ■ ■ ■ ■ their picks in the ■ ■ ■ ■ ■ in its outlook for the year.

Warburg's media specialist, Ms Lorna Tilbain, ■ ■ ■ ■ ■ recov-

543p. analysts at the [redacted] negative  
 "there are [redacted] better  
 surprises at the [redacted] month's  
 results". [redacted] were whisperers  
 that long time back the [redacted]  
 Henderson Crosshairs [redacted]  
 been among the [redacted] day's main  
 Nervousness about 1994 pro-  
 spects brought a few surprises  
 among stores. Encouraging  
 Christmas figures from Argos,  
 up 18 per cent on [redacted] year,  
 were not enough to lift its  
 share price, which held at 378p.  
 Dixons, down 7 to 228p, and  
 W H Smith, down 7 to 504p, suffered  
 from the announcement  
 of a Monopolies and Mergers  
 Commission investigation into  
 the [redacted] consumer industry.  
 Speculative buying of Lucas  
 Industries [redacted] the shares put  
 on 1 [redacted] 209p. Total volume of  
 9.9m, including a block of 1m  
 on at 210p.

[illegible]

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Table 1. *Continued*



## WORLD STOCK MARKETS

## NORTH AMERICA

UNITED STATES (Jan 14 / US\$)

(Pm)

Dow Jones

S&amp;P 500

NASDAQ

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## CANADA (Jan 14 / Cdn)

(Pm)

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## EUROPE

AUSTRIA (Jan 14 / Sch)

(Pm)

Dow Jones

S&amp;P 500

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## EUROPE

AUSTRIA (Jan 14 / Sch)



AMERICA

# US markets move back to record levels

## Wall Street

The US stock market bounced back from three losing sessions yesterday morning as share prices, buoyed by heavy program trading, moved back into record territory, wrote Michael...

By 1 pm, the Dow Jones Industrial Average was up 100.11, its highest since 1929, and on Monday, the Standard & Poor's 500 rose 1.14 to 4,478.1, its highest since 1929.

0.99 at 490.95 and the Nasdaq composite 4.15 higher at 791.95, also a new high. Trading volume on the NYSE was 1.78m shares by 1 pm, and rises outpaced declines by 1.141 to 790. Three days of modest declines on profit-taking have done nothing to dampen investors' enthusiasm for equities. The market bounced back strongly yesterday from losses of earlier in the week, and within 90 minutes of the opening the Dow was back above Monday's record close.

The Chicago stock exchange was weaker in the morning, in anticipation of a strong quarter from the industry. Citicorp rose another \$1 to \$47.75, J.P. Morgan climbed \$1 to \$71.75, and American Express fell \$1 to \$52.50.

The market remained in a strong mood in anticipation of a strong quarter from the industry. Citicorp rose another \$1 to \$47.75, J.P. Morgan climbed \$1 to \$71.75, and American Express fell \$1 to \$52.50.

grams were Walt Disney, up \$14 to \$47. General Electric, up \$1 to \$106.4 and American Express, up \$4 to \$52.50.

ASIA PACIFIC

# Nikkei adds 2.1% on overseas buyer support

## Tokyo

Share prices jumped as foreign buying encouraged purchases by domestic individuals and short covering in the futures market, and the Nikkei index rose 2.1 per cent, writes Erika Terazono in Tokyo.

The 225-issue index gained 386.44 to 18,973.70, up 4.7 per cent on the week. The Toxix index of all first-section stocks rose 22.15 to 1,525.83 and the London, the ISE/Nikkei 50 index rose 2.09 to 1,581.27.

The Nikkei index fell to a low of 18,473.55 during the first 15 minutes of trading as profit-taking by domestic investors. However, overseas investors supported share prices in the afternoon, prompting buying by market participants, peaking at 19,043.80, rising above the 19,000 level for the first time in 1994.

The Nikkei index closed at 18,973.70, up 4.7 per cent on the week. The Toxix index of all first-section stocks rose 22.15 to 1,525.83 and the London, the ISE/Nikkei 50 index rose 2.09 to 1,581.27.

## How the Asian markets have performed

Day's move (%)	Week's move (%)	Year's move (%)
Kuala Lumpur	+0.25	-11.84
Hong Kong	+6.87	-9.37
Bangkok	+5.47	-9.87
Singapore	+4.19	-3.79
Tokyo	+2.13	+4.64
Manila	+0.73	-8.57
Taiwan	-1.84	-7.37
Seoul	-2.18	+1.02

ers by 828 to 219, with 138 shares unchanged. The index rose for the 12th consecutive day as buying of life and pharmaceutical stocks.

Roundup  
Malaysia's Rim markets had a week-long roller-coaster ride with sharp rebounds, although the Nikkei was not enough to overcome losses of the previous three sessions.

Foreign buying supported Fianco, which rose 70 to 14,050. Other high-technical shares were also stronger with Sony up 230 to 13,750 and Matsushita up 150 to 11,580.

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from the Malaysian prime minister on the outlook for Malaysia's companies.

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BANGKOK saw a strong recovery on Wednesday's 3 per cent rise to 1,516.67. Textile shares led the recovery.

Property and banking issues, which were hit hard during the week-end, led the recovery back up. KONG Holdings topped the active list and rose 10.5 to 1,516.67.

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# Nordic exchanges have a hard act to follow

Christopher Brown-Humes on prospects for 1994

The Nordic stock exchanges had an exceptionally good 1993 - so much so that the performance will be virtually impossible to repeat in 1994.

Canada  
Toronto was hurt by a 3 per cent slide in the merchandising index and news that Wal-Mart was moving into Canada. The TSE 300 index edged up 4.22 to 4,484.12 at noon in heavy volume of 49.2m.

November, compared with SKR11.3bn in the 1993 period. In Denmark, foreigners bought a new DKRbn of equities during 1993, compared with just DKR3.3bn a year earlier.

There should be little surprise that best-performing for the region was the region's best performer, Denmark, managed a 40 per cent gain. Finland, with a 91 per cent rise in the HEX index to 1,582, came out of best of all.

Norway had its main index up 55 per cent to 1,582, and the Swedish Affarsvarlden index rose 54 per cent.

The region-wide rally was supported by many factors. Interest rates fell to levels not seen for a decade and clear signs of recovery emerged.

Many of the big export-orientated companies, particularly in the Finnish and Swedish bourses, showed the benefits of corporate restructuring. And earnings were helped by a strong recovery in the Finnish and Swedish currencies.

Lastly, it was apparent that the strength of the region's banking crisis was over.

The scale of buying was unprecedented by the region, that had preceded it. One indicator of the pent-up desire for a recovery was a massive growth in turnover. Average daily volumes in Stockholm surged to SKR1.4bn (\$171m) and SKR1.7bn respectively in November and December.

AUSTRALIA rose above the 2,200 level on strong performance among blue chips, with All Ordinaries index rising by 25.9 to 2,200. Turnover was \$821m. Media stocks were in the forefront of investors' minds, the index adding 4.1 per cent and News Corp gaining 51 cents to \$9.76.

BOMBAY closed slightly higher, lower prices triggered renewed buying. The BSE 300 index rose 10.15 to 3,938.74.

can the upturn be sustained? Most commentators believe that a period of optimism is likely to last for at least the first half of the year, as Nordic countries bring down their interest rates further in response to the downward trend throughout Europe.

The Bank of Finland yesterday decided to cut its base rate to 5.5 per cent from 6 per cent from February 1 amid growing optimism that the country would achieve positive growth for the first time since 1990.

"It's difficult to see any of the Nordic markets declining in 1994," says Mr Einar Andersen, Scandinavian equity analyst with Goldman Sachs in London. "However, the pace will slow down, and the interest rate will have already occurred, particularly on the long side."

Goldman Sachs expects all four Nordic economies to perform well in 1994, with the Swedish economy expected to be the strongest.

There are plenty of uncertainties, particularly how the German economy performs and the likely impact of a strengthening recovery in the US. If the interest rate goes up, the pressure on the foreign markets is almost certainly going to be pulled back. Any significant share disposals by foreign investors will have a much greater impact now that foreign ownership levels are higher.

Prospects for the Norwegian market will, however, hinge on the development of the oil price, while market participants in Finland will be keeping a close eye on political developments in Russia.

In fact, political factors will be a significant influence on all the Nordic markets in 1994. The Nordic market will take place in Sweden and Denmark in the second half of the year. In Sweden, Finland and Norway are likely to referenda this year on whether to join the European Union. The markets may well be upset if the generally negative mood towards membership becomes a firm No at the polls.

EUROPE

# Uneven end to the week's trading

The week ended unevenly, with Frankfurt continuing to fall back as investors became nervous following concerns over Metallgesellschaft and Siemens.

The DAX index lost 29.94 to 2,411.82, for a loss of 3.2 per cent on the week. Turnover was DM15.1bn. In the post-Christmas lull, the DAX index gained 3.15.

Metallgesellschaft, which requested after its suspension on Thursday with the company's expected to make a statement on progress over its rescue plan today.

Siemens fell a further DM4.50 to DM150.50, selling continued after its disappointing earnings forecasts during the week.

Thyssen closed DM15.50, with some reports suggesting that it was in further job loss this year. The company has previously said that it will lose 12,000 jobs by the end of September 1994.

AMSTERDAM pulled itself up after a weaker start, leaving the AEX index up 1.14 to 1,430.00, but slightly lower on the week's trading.

Philips strengthened by 3 per cent, the shares rose from F11.40 to F14.30, on overnight news that it would be a supplier to an American company operated by Bell in the US.

VNU dipped F11.80 to F11.77, after announcing that it planned to issue new shares in the first quarter of 1994.

FT-SE Actuaries Share Indices	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	Jan 9	Jan 8	Jan 7
FT-SE 100	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27
FT-SE 250	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27

Capel, who upgraded the stock to a buy, indicated that the problems that had beset the group had been solved, adding: "We have become more confident that Montedison will be in a position to return to profitability earlier than the market has been expecting."

BCI Ltd L&L to L&L, after IRI, the holding company announced details of its privatisation, to run from February 28 to March 4.

STOCKHOLM was lifted by active trading in Volvo, which the B shares put up 25.90 to SKR2.67, a new record, after reports that France had ended the relationship between the Swedish group and Renault.

The Affarsvarlden general index rose 20.7 or 1.4 per cent to 1,582.00, as turnover improved to SKR2.6bn.

AVANCE continued its bull run, posting a second three-year high in many days and a record for turnover. The general index finished at 17.17 or 1.8 per cent to 1,105.78.

Written and edited by John Pitt and Michael Morgan

SOUTH AFRICA  
Gold shares pulled back from an earlier rise in New York as the gold price fell. The gold index added 84 to 2,091.1, after a fall of 5,457 and the overall index rose 27 to 4,861. Angles recovered 0.1 per cent to \$208.

William Cowan of James

EUROPEAN SERIES	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	Jan 9	Jan 8	Jan 7
FT-SE 100	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27
FT-SE 250	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27

## LONDON EQUITIES

### EUROPEAN EQUITY OPTIONS

Option	Call	Put	Call	Put	Call	Put	Call	Put
Alcatel	100	100	100	100	100	100	100	100
Amstrad	100	100	100	100	100	100	100	100

### RISERS AND FALLS YESTERDAY

Share	Price	Change	Share	Price	Change
Alcatel	100	100	Amstrad	100	100
Amstrad	100	100	Anglo Irish	100	100

### LONDON RECENT ISSUES: EQUITIES

Issue	Price	Change	Issue	Price	Change
100 F.P.	100	100	100 F.P.	100	100
100 F.P.	100	100	100 F.P.	100	100

### FIXED INTEREST STOCKS

Issue	Price	Change	Issue	Price	Change
100 F.P.	100	100	100 F.P.	100	100
100 F.P.	100	100	100 F.P.	100	100

### RIGHTS OFFERS

Issue	Price	Change	Issue	Price	Change
100 F.P.	100	100	100 F.P.	100	100
100 F.P.	100	100	100 F.P.	100	100

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. In conjunction with the Institute of Actuaries and the Faculty of Actuaries	US	UK	Japan	Germany	France	Italy	Spain	Sweden	Norway	Denmark	Finland	Switzerland	Australia	New Zealand	South Africa	Canada	Latin America	Asia Pacific	Europe	World
Jan 14	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27
Jan 13	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27	1,581.27

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Prices were unavailable for this edition.



**INVESTMENT TRUSTS - Contd**

**INVESTMENT PROSPECTUS**

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For U.S. & Canada	302	-	201
For U.S. & Germany	128	-	1-201

[illegible]

Carbone Steel Co., Inc. 120 1/2 120 1/2

[illegible]

Packages Units..M	121 1/2	121 1/2	121 1/2
General Motors	26	26	26

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# FINANCIAL TIMES

Weekend January 15/January 16 1994

 A FINANCIAL TIME  
 for change


## Hurd takes lead in 'basics' drive

 By Philip Whitham  
 Political Editor

Mr Douglas Hurd, the foreign secretary, led a cabinet campaign to restore intellectual coherence to the government's floundering "back to basics" programme yesterday.

But after one of the worst years for the John Major since the 1992 general election, ministers remained uncertain whether the prime minister could rescue the centre-piece of his domestic agenda from the recent spate of political scandals.

Mr Hurd's speech, however, was with a strident and wide-ranging attack by Mr Michael Portillo, the Conservative Party secretary.

### Major flounders as Portillo hits out at 'new British disease'

the Treasury, on "the so-called opinion formers" who attacked British institutions.

Referring to a "new British disease", Mr Portillo castigated the monarchy, parliament and the established church. He blamed the anti-establishment chattering class for spreading the "poison of pessimism" which undermined national self-confidence and respect for British institutions.

Mr Portillo had an audience of the right-wing Conservative Way

Forward Group: "We need to value the value and the quality of British way of life and of British institutions."

Mr Hurd sought to disentangle the "back to basics" from the private lives of ministers and Conservative MPs, by insisting that it represented a "commonsense" approach to the wider issues of the election.

His emphasis on the government's drive to improve standards in schools, to nurture the

economic recovery and to redouble the fight against crime was echoed in speeches and interviews by several other cabinet ministers.

Mr Kenneth Clarke, the chancellor, and Mr Michael Heseltine, trade and industry secretary, also joined Mr Hurd in urging the government's supporters to "keep their nerve".

Setting out the agreed by the cabinet in an effort to rescue the "back to basics" programme, the foreign secretary said politicians should not set themselves up as arbiters of personal morality. Nor should the personal failings of some politicians be mistaken for the fortunes of the government.

His confident exposition, however, did little to disguise the debate still raging in the cabinet and in the Conservative party over the extent to which government should have a moral role for the nation.

Mr John Redwood, the Welsh Secretary, and Mr John Patten, the education secretary, are among those in the cabinet who believe that a programme promoting the "back to basics" between right and wrong cannot avoid touching on individual morality.

Westminster allegations, Page 4  
 Editorial comment, Page 5

## Major's role in arms to Iraq guidelines

Continued from Page 1

Churchill over the use of machine tools in Iraq. But both were entirely legitimate.

Mr Major is expected to tell the inquiry that the only important decision was when, as foreign secretary, he issued the order of military action in Iraq in 1990.

But the Labour party is deter-

mined to exploit the opportunity to reinforce its attack on the "hypocrisy" of government decision-making. They claim that after he replaced Lady Thatcher in 1990 Mr Major consistently misled the House of Commons on the implementation of the guidelines.

Lord Justice Scott has indicated that Mr Major will be cross-examined on Monday on the background to the parliamentary statements, and the role as

foreign secretary in the guidelines' implementation.

The prime minister may also face questions as to whether his government had any role in the sharp attack on the inquiry's procedures made on Wednesday by Lord Howe, the former foreign secretary.

Mr Major subsequently told the House of Commons that he had no involvement in the inquiry, but the inquiry is to voice full confidence in the guidelines.

## Small company share market planned

 By Michael Cohen,  
 Investment Correspondent

A group of venture capitalists, merchant banks and stockbrokers intends to set up a new exchange for trading the shares of small, entrepreneurial companies to compete with the Stock Exchange's listing.

The move to launch the new market comes after the Stock Exchange apparently rejected a suggestion from the City Group for Smaller Companies (Cisico) that it operate the market itself.

According to Cisico, Enterprise Market could attract capital from large and private investors.

have previously been seen in the sector.

Enterprise Market could have 300 initial companies two years after its inception. It hopes to have the participation of at least 100 market makers and 20 to 30 stockbrokers specialising in shares of small companies.

Over the next 10 weeks Cisico plans to conduct a tender to find a commercial operator for its new exchange. Potential operators are the US-based Nasdaq market which has its own trading system, Reuters and British Telecom. Initial estimates are at £10m and finance will

come from a mix of venture capital, institutional investment and bank loans.

Mr Richard Balaras, chief executive of Cisico, said the concept of a new market has also received the endorsement of the European Venture Capital Association whose members - managers of venture capital portfolios - would be prepared to list the shares of their own investments on the Enterprise Market.

In April last year the Stock Exchange appointed a working party after announcing it would close its Unlisted Securities Market for small companies and try to find a successor.

The Stock Exchange board considered a report in December from a working party that recommended the establishment of the Enterprise Market. However, the board decided that further investigations were needed and commissioned market research from Mori to be completed by the end of March.

Cisico believes that small companies get short shrift from the Stock Exchange whose members derive profits from making markets in the shares of the large companies.

Yesterday the Stock Exchange said it planned to proceed with its research.

## Bundesbank chief says EU bank should follow German policies

 By Christopher Parkes in  
 Frankfurt

Mr Hans Tietmeyer, Bundesbank president, gave notice yesterday to the fight hard for the adoption of German monetary policies by the future European central bank.

Medium-term money supply targets, the mainstay of the Bundesbank's policy, were the best way to ensure price stability, he told a banking conference in Oldenburg, north-west Germany.

Such measures allowed inflationary pressure to be spotted early and helped avoid the misadventures which were part of a stop-go policy.

Minimum reserve requirements for commercial banks were "indispensable" to slow down

money creation, he said. The finance sector should also contribute to stability by encouraging the use of longer-term lending rates.

The European Monetary Institute (EMI), forerunner of the proposed European central bank, had a lot of work ahead of it, Mr Tietmeyer said. The Bundesbank would campaign heavily for the adoption of the German central bank's policies.

Speaking within days of the Bundesbank's first meeting in Frankfurt, Mr Tietmeyer said his optimism on the timing of the introduction of a common currency.

Mr Tietmeyer, who was in the past effectively written off as a starting date, said that if it was "a serious" between the political

and economic necessity," then monetary union would have to wait. He also rejected suggestions that the EMI should establish an EU-wide supply target in the run-up to monetary union.

That would lead to grey areas between the responsibilities of the institute and individual central banks.

Mr Tietmeyer supported his case for a German-style European central bank with a catalogue of reasons, which he attributed to the Bundesbank's "dogged" adherence to its policy.

"Inflation is slowing, inflationary expectations have been broken, long-term interest rates have fallen to unusually low levels for some time... and the internal value of the Deutschmark has stayed stable," he said.

## N-weapons

Continued from Page 1

from the ultra-nationalist Liberal Democrats, by Mr Vladimir Zhirinovskiy, who, before becoming involved in a fight with a reformist MP, continued in countless interviews to pour scorn on Mr Clinton, Yeltsin and even the existence of US financial assistance.

The Russian president's rejoinder was that the house was "smarter and more intellectual". He said the 50 per cent who voted last month in favour of the new Russian constitution was a more reliable indicator of reform sentiment than the composition of the parliament.

Still, Mr Yeltsin, not to appear too much the supplicant, again nudged Mr Clinton, making the Group of Seven industrialised nations a club of eight by admitting

## THE LEX COLUMN

### Back to basics

When both the Sun and The Economist pillory a Conservative administration on the day, the markets might be expected to tremble slightly. Yet the UK government's trials seem to have investors completely unruffled. Equities rallied strongly at the end of the week, significantly, UK institutional buying overseas selling. Long gilt yields barely above recent lows, and are only 1.1 percentage points above base rates, while sterling threatens to rise above its old £100 floor.

In part that may be because the next election is still, in all probability, a long way off. Even a leadership challenge is unlikely before the autumn. That leaves the market free to concentrate on the improving economic outlook and prospects for imminent corporate reporting. Early indications suggest that there may be pleasant surprises, which is consistent with statistics showing corporate sales rising and unit labour costs falling. That trend may well be continued last year, generating earnings increases higher than many analysts currently predict, and dragging equities back from their current vertiginous ratings.

The shift in focus from interest rate cuts to earnings increases is needed if the market is to maintain momentum. In the short run the robust recovery means that further rate cuts are unlikely. Only a downward lurch in confidence as the spring increases loom is likely to sway a chancellor keen to demonstrate sound money instincts to sceptics in his own party. Gilt thus have little to look forward to, and equities are left standing on their own merits.

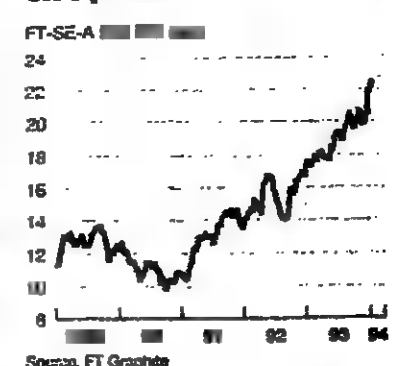
### Granada/LWT

Until this week Granada appeared to be striding through its bid with LWT. But following LWT's strong profits showing, it now appears to have a real fight on its hands. LWT's latest broadside included the customarily extravagant bid rhetoric - but it hardly smacked of a company going through the motions before capitulating. Moreover, LWT's shareholders will be reluctant to sell a management that has delivered more than a six-fold increase in their shares since 1989. A bigger premium may well be needed to seduce them.

Granada would surely sweeten its bid if it secured a recommendation from LWT's board. But LWT has stressed its case so passionately that

FT-SE 100 = 3400.6

### UK equities



Source: FT Graphs

only a very much higher offer might suffice. That, though, would have no effect on Granada. An over-enthusiastic bid would damage perceptions of Granada's earnings prospects, lessening the appeal of its shares which are the bid's chief currency.

However, if Granada won a hostile bid with no increase, or only a token improvement, it may irretrievably antagonise LWT's board. LWT's financial quibbles about quitting, threatening a disruptive hand-over period. Besides, much of LWT's appeal lies in its creative skills.

LWT still has worries of its own. Its arguments for independence will be discredited if it is seen as a financial deal with any other party. Thomas Cook helped scupper Airways' hostile bid for British Airways by launching a rival tender which had Owners' subsequent treatment hardly represent a happy precedent for LWT.

### Corporate disclosure

The UK debate on corporate disclosure is producing some interesting results. Not only does the proliferation of Christmas trading statements from retailers suggest the days are gone when the first analyst to reach the finance director got the bargain. Yesterday also brought an announcement from Thorn EM that it is to start making quarterly trading statements. These will include a profit and loss account, probably with some divisional and geographic breakdown, though there will be no cash flow statement.

For the moment this seems a sensible compromise between the approach of those put off by the effort of

giving full quarterly results and those anxious for more public disclosure. The case for more frequent statements has grown since LIG was censured by the stock exchange for warning investors selectively about a profits shortfall last year. Expectations are that companies will regularly in touch with the market.

Thorn's approach certainly makes sense, more than that of Ince, which plans to hold collective analysts meetings ahead of its closed period, but only to discuss information already in the public domain. Ince's approach would require a public statement. Thorn intends to put figures on the table. The company's management accounting system means they can be assembled with minimal trouble.

This underlines the need for companies to make more meaningful information available even if the higher standards prevent them from disclosing selectively. Thorn may need to develop its approach further, though. It only causes confusion about closed periods if information, including available now in management, is not disclosed till the third week in February.

### Video games

Dixons' executives must be slightly bemused by the Office of Fair Trading's decision to refer the video games market to the Monopolies and Mergers Commission. Last year the company forced a profits warning because games discounting is rife and sales are poor. But while UK retailers may not now be making money hand over fist in games hardware, software is still a high margin sector. Some marginal production costs for software are low, there is also a case for the manufacturers to answer over differential pricing between the UK and the US. The restrictions on software licensing are also a worrying sign, as is the fact that the Federal Trade Commission fined Nintendo for price fixing in the US three years ago.

Differential pricing, however, occurs in areas as diverse as a trip to a Disney theme park or the purchase of a CD. Multinational manufacturers' margins are not normally broken down by regional market, so returns are difficult to assess. If companies are asked to disclose to fill their factories and Europe in general profit, it will be hard to prove and harder still to change.

### IT WEATHER GUIDE

#### Europe today

Prolonged and sometimes heavy rain is forecast over England and, by the afternoon, over parts of the Low Countries as well. Western France and northern Spain will have showers and rain with strong winds at the coast. Southern Spain and Italy will have sun, with scattered clouds. The Mediterranean will have cloud and scattered showers and will remain dry. Eastern Europe will be dry. Wintery weather is forecast for most of Scandinavia, though temperatures in the south will still be slightly above freezing.

#### Five-day forecast

Conditions will remain unsettled over the UK and over much of the continent with wintery showers in places. Temperatures will fall during the night. Next week, milder air from the Atlantic will cause snow, then sleet and rain. Conditions over the Alps and Pyrenees will remain wintry, with snow at times. In southern Europe will be mainly dry and sunny Sunday, but widespread rain will return during the week. Northern Europe will be much milder as Pacific air moves in from Poland.

#### TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp
Madrid	18	Belfast	10	Cardiff	10
Casablanca	22	Belgrade	8	Chicago	-19
Algiers	18	Berlin	10	Cologne	10
Amsterdam	10	Bombay	28	Dakar	28
Athens	18	Brussels	10	Delhi	18
B. Aires	18	Budapest	10	Dubai	28
Bhuj	24	Cairo	15	Dubrovnik	14
Bangkok	24	Cape Town	24	Edinburgh	10
Barcelona	18	Caracas	28	Faro	18
Beijing	10				

#### Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Location	Temp	Location	Temp	Location	Temp
Frankfurt	10	Malta	17	Rio	28
Geneva	10	Manchester	10	Riyadh	28
Gibraltar	10	Moscow	10	Rome	14
Hamburg	10	Melbourne	20	S. Francisco	15
Helsinki	10	Mexico City	20	Seoul	15
Hong Kong	18	Miami	28	Singapore	28
Honolulu	28	Milan	18	Stockholm	10
Istanbul	18	Montreal	10	Strasbourg	10
Jakarta	28	Moscow	10	Sydney	28
Jersey	10	Munich	10	Taipei	15
Karachi	28	Nairobi	25	Tel Aviv	28
Kuwait	28	Naples	15	Tokyo	10
L. Angeles	28	Nassau	25	Toronto	-16
Las Palmas	22	New York	25	Tungurahua	15
Lima	25	Nice	18	Vancouver	8
Lisbon	18	Niamey	28	Verona	10
Luxembourg	10	Oslo	10	Vienna	6
Lyon	10	Paris	10	Warsaw	4
Madras	28	Perth	28	Washington	10
Madrid	18	Prague	10	Wellington	16
Majorca	18	Rangoon	28	Winnipeg	-27
		Reykjavik	10	Zurich	10

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You will be able to apply for both the 1994/95 PEP during the launch.

\*Source: Macropol offer to net net restricted launch £5.8 to £1.34

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Just return the coupon below or call Schroder ClientLine on 0800 526 535 to register for a launch pack. This contains full details of the new PEP, the special launch offers and application forms. The pack is expected to be out February 9.

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## Weekend FT

SECTION II

Weekend January 15/January 16 1994

## The greatest person who ever lived... perhaps

Malcolm Rutherford asked FT readers to nominate the most important figure from history. The answers caught him by surprise. Here he sifts through the replies

"Be not afraid of greatness: Some men are born great, some achieve greatness, and some have greatness thrust upon them."

From Shakespeare's *Twelfth Night*. "Some village Hampden, that with dauntless breast the British Tyrant fell, here may rest, some Cromwell guiltless of his country's blood." From Gray's *Elegy Written in a Country Church-Yard*.

I was about to write an article on why Shakespeare was the greatest person who ever lived when some down-to-earth colleagues suggested that we should pose the question in the *Weekend FT*. And what a brave new world we would live in if it were peopled entirely by FT readers, especially those who responded to the competition.

We would listen to Beethoven and Mozart, understand the principles of Newtonian physics, have mutual respect for each other's religions and do a great deal of reading. But we wouldn't be arrogant: we might even have a sense of humour.

Economists, politicians, potatoes and generals - with the possible exception of Ghandi, who is admired for his efficiency - would be ignored. Our greatest living hero would be Mother Teresa.

When we set the competition, I remained convinced that there were only two main runners: Shakespeare and Jesus Christ, with the Bard as the clear favourite. That was because there have been other great religious leaders apart from Christ and the paper's readership is very international.

Shakespeare, by contrast, is universal and uncontroversial, unchallenged as a playwright and a lasting contributor to the English language. Above all, he had the greatest understanding of the infinite variety of human nature. Thus I thought that the religious vote would split, leaving Shakespeare out in front.

On one part of the guess, I was completely wrong. Shakespeare, though mentioned many times in passing, received rather fewer votes than Walt Disney. In extension, I should add that Disney was praised as one of the same reasons I

would have given for the first, namely the capacity to give the greatest pleasure to the greatest number of people. Times change: *Twelfth Night*!

On religion, I was aware the truth. Jesus Christ was the clear winner but - wait for it - Mohammed was a good second and Buddha a close third. The striking point about practically all these answers, however, was the tolerance and understanding of other people's beliefs.

Contributors were asked not only to name the greatest person who ever lived and, if they liked, the second greatest as well, but to give their reasons. Time and again, answers put Jesus Christ first, then Mohammed or Buddha second, and so on. Moreover, their reasons were not about after-life, but common humanity.

In many cases, the admiration for religious leaders went hand in hand with a respect for science. No-one expressed the view that religious beliefs were incompatible with scientific research. It was taken for granted that the two go together. One contributor argued for Mohammed as the greatest on the grounds of his all-round skills as a teacher, administrator and leader, then Albert Einstein for discovering E=MC<sup>2</sup>. Another put Moses first for establishing the idea of one God and one set of universally accepted "Laws of Man"; he, too, put Einstein second.

Writing from Woodbridge in Suffolk, David Drumm summed up the mixture: "The two greatest influences on mankind have been religion and science."

Drumm named three people: Jesus Christ in third place, Mohammed in second and Sir Isaac Newton as the greatest because "from 1687-1727 'supplied the unified theory that set modern science on the way which it has followed ever since and which revolutionised the world'".

Essentially, Drumm, daily life for the world's population remained fairly similar between 1600 BC and 1600 AD. After 1600, the world was changed.

In terms of first and second choices, Newton tied with Mohammed in receiving more support than anyone except a religious leader. Yet the problem with



choosing scientists was illustrated by Newton himself: "The reason I see so far is because I stand on the shoulders of giants." It is hard to attribute breakthroughs to individuals.

There is also great ignorance about the past. We do not know who invented the wheel or discovered the domestic and productive use of fire - the latter surely the

greatest breakthrough of all time. We don't know for certain either who invented the alphabet or designed a system of numbers, though there was a very PT contributor in favour of Fra Luca Pacioli who put the two together in the form of double-entry bookkeeping in the early 15th century. Pacioli was a great friend of Leonardo da Vinci.

Nor are advances in pure science only criteria for greatness: there are also technological advances that stem from them. A very strong if slightly ironical case was made for Thomas Crapper, a Yorkshireman who moved to Chelsea and invented the modern water closet in the 19th century. Thus he added to life expectancy, public health and private com-

fort around the world. A reader in Taipei suggests that Crapper represented the high point of the British Empire and the industrial revolution.

Still on technology, there were several votes for Johannes Gutenberg (1400-1468) and his invention of the printing press, which added to life expectancy, public health and private com-

Continued on page X

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## The Long View/Barry Riley

## You shall go the ball



The Cinderella is in favour. Property is lagging a long way behind securities markets but it is beginning to share in their buoyancy. Institutional investors in the UK are becoming active buyers of commercial

real estate once again, and in the residential market prices are starting to rise. Although the level of transactions remains low compared with the halcyon days of the 1980s.

But first, it is worth highlighting how much the property market has slipped behind the stock and bond markets. In 1993, even though commercial property prices began to rise, and according to the property agents Healey Baker, average prime investment yields declined from 12 to 7.0 per cent, the investment returns were still relatively poor. Average returns in 1993 are being estimated at 13 or 14 per cent, compared with 28 per cent on UK equities and more than 10 per cent on long-dated gilts.

The average 1993 returns on portfolios of UK pension funds - which these days only have about 5 per cent of their assets in UK property - were 12 per cent.

Property is a rather different cycle. Its last boom year was in 1988 when it returned 30 per cent, while the pension fund's mix produced only 12 per cent. In the last three years property has suffered a hangover while equity and bond prices have soared. Compared with the average 86 per cent return in three years on UK equities, UK real estate has returned only 1 per cent.

A similar deviation has been seen in residential property, where prices have

capital growth of some 10 per cent.

Clearly the private investor would have a place and switched from stocks to housing for nesting, not investing, according to today's market. It is, however, time to be considering the investment transaction.

Why do financial and property markets behave so differently? Clearly it is because they are influenced by different kinds of investors and are valued on different bases. They ought to be so. Commercial property which is owned by the same institutions that own the securities markets (and which ought to be capable of valuing on a consistent basis) is a supply of property is erratic because of the role of speculative developers.

Essentially the securities markets are driven by flows of cash. They are buoyant in the early part of the economic cycle when there is surplus liquidity and interest rates are low; this was the case in 1988. But the real estate market is dominated by borrowed money - whether household mortgages or loans to real estate developers. Property prices tend to be strong in the later part of the cycle, when people are confident enough to accumulate debt. For several years the market has been so battered by losses on loans to the property industry that the flow of cash has dried to a trickle. As for houses, mortgage lending remains weak: from a peak of £40bn in 1988 net new lending has declined and is now much less than half that figure in 1988.

The fundamentals in property also change according to a different time scale. For instance, the occupation of commercial property continued to be affected by the recession in 1992, when prime rents fell by 7 per cent. There are significant time lags in the completion of developments conceived in past booms and in the renegotiation of old leases. In addition, the pain in the listed non-property companies was experienced earlier: by last year demand was beginning to rebuild and

profits were recovering. Dividends have not been overall, in contrast to the income on investment property. The same logic applies, but there is an awkward mismatch of the property and securities markets. The property market of the stock market. This has been booming, to the point of producing some of the best returns in the equity market. You can rationalise this in terms of a turnaround in medium-term expectations, but it is probably simply explained by the conflicting pressures on investors. There are still important structural barriers between securities investors and direct property investors who co-exist in the same institutions.

It is no more than a particular case of the general rule that the flood of global liquidity into the stock market has greatly inflated prices relative to the value of the underlying assets. That companies are optimistic, growth continues, as optimists assume, property values will eventually catch up with what the stock market is projecting. Indeed, a lot of institutional buyers are now drawing the conclusion that property is cheap. Given that long-term sterling interest rates have hobbled 8 to 6 per cent, a substantial fall in property investment yields was inevitable. However, property professionals have found it hard to take on the purely financial adjustment at a time when the stock market remained depressed. If the values were up to date it is possible that the property investment market would have shown better returns than the stock market now estimated. There is inevitably a strong element of subjectivity.

What about the residential market? This is still further separated from the cash revenues that are pushing up the values. It is hard to see people bidding up house prices and, by and large, they have few market alternatives. The pressure on employee earnings in benefiting corporate profits and at the same time is holding back the borrowing capacity of house buyers. But the cycle has turned.

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MARKETS

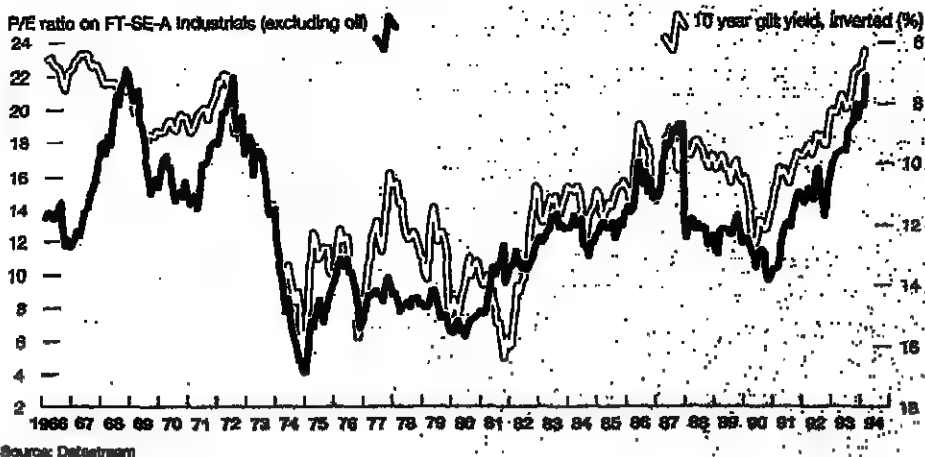
London

# So what if we do go back to basics?

Roderick Oram

There are not many who are not looking for a simpler and semi-mythological lifestyle, and many are looking for a good old-fashioned return on their investment. The stock market has been a disappointment in the last few years, and many investors are looking for a return on their investment. The stock market has been a disappointment in the last few years, and many investors are looking for a return on their investment. The stock market has been a disappointment in the last few years, and many investors are looking for a return on their investment.

## Challenging basics: P/E's head for all-time highs



Analysts' profit forecasts are far too low, he argues. Moreover, companies are being very timid with their turnover and profits predictions. Pre-tax profit growth of about 15 per cent in 1993 (against 3 per cent in 1992 and 19 per cent in 1991) would be a good start. But, even so, the market is still heavily underpinned by the decline in interest rates over the past four years. There is every chance of shaving interest rates by another half point in 1994, but that would be a disaster for the market. The market is still heavily underpinned by the decline in interest rates over the past four years. There is every chance of shaving interest rates by another half point in 1994, but that would be a disaster for the market.

## Serious Money

# Just one stop for unit trust investors

Scheherazade Daneshkhu

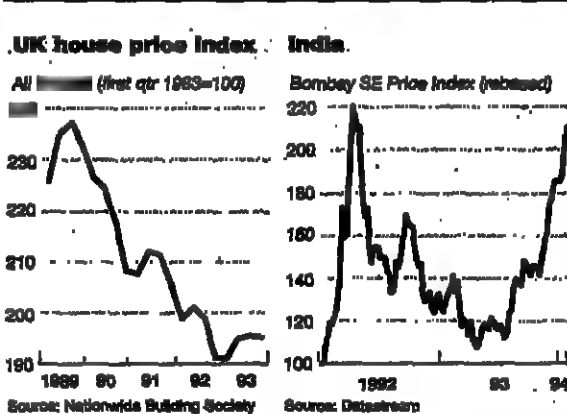
Weekend FT readers know that this is a time when many unit trust investors are looking for a return on their investment. The stock market has been a disappointment in the last few years, and many investors are looking for a return on their investment. The stock market has been a disappointment in the last few years, and many investors are looking for a return on their investment.

A handful of equity funds pay less than 3 per cent commission, says Murray Johnston. Fidelity, which provides a single service in the UK market for a similar product. You open a Fidelity Market-Fund account with Fidelity and use a 0800 number for dealing. Fidelity handles the settlement, dividends and reporting and will send you a portfolio statement every six months. The units are held in a designated nominee account. They can be in your own name but the disadvantage is that Fidelity will then charge commission on sales, even though unit trusts do not normally impose a selling charge. There is no selling charge for units held in a designated nominee account. How much does Fidelity charge for this service? The cost of buying a unit trust is reflected in its initial charge, which is usually about 6.25 per cent, and includes the commission which the fund manager pays to intermediaries for selling the trust - the industry norm is 3 per cent. Since Fidelity is acting as an

## HIGHLIGHTS OF THE WEEK

	Price	Change	High	Low	Notes
FT-SE 100 Index	3400.8	+5.4	3402.0	3398.0	Interest rate hopes wane
FT-SE Mid 250 Index	2117.1	+3.2	2118.0	2116.0	Continuing upward
Bank of Scotland	520	+30	524	516	Dividend optimism after TSB rise
Barclays Bank	84	+12	86	82	Bank dividend hopes
BOC	839	+28	847	831	Bank dividend hopes
Blue Circle	368	+24	368	364	NetWest "buy" recommendation
Eurotunnel Ltd	610	+28	616	602	Share price badly needed
First Link	324	+30	328	320	Brokers bullish on results
Geest	275	+98	283	267	Profitable recovery
Ladbroke	209 1/4	+14 1/4	222 1/4	205 1/4	Management changes
Shell Trans	719	+23 1/4	749	715	Weak oil prices/bill flotation
SmithKline Beecham A	424	+28	432	416	Share price badly needed
Stable	79	+14	79	65 1/4	Results
TSB	288	+14	272 1/4	145 1/4	Better-than-expected earnings
Tiphook	67	-11	382	37	Continued share price decline

## AT A GLANCE



## House prices rise in final quarter of '93

House prices across the UK were an average of 2.9 per cent higher in the final quarter of 1993 than in the same period of 1992, according to the Nationwide Building Society. Prices were higher in nine regions out of 13. The highest increase was 11 per cent in Scotland, while the north-west recorded a fall of 4.4 per cent.

## Bombay stocks soar

The Bombay Stock Exchange's index of 30 leading shares has risen almost 50 per cent since the start of November, in a rally triggered by foreign fund managers allowed to invest for the first time in years.

## Tax change hits EZTs

Investors will find it more difficult to shelter tax through Enterprise Zone Trusts, as a result of a tax change announced this week. Industry experts believe that the number of new EZTs being launched could be halved as a result of the rule change, which will restrict the appeal of EZTs to investors who are prepared to hold the investment for a full 25 years.

## UK investment trusts launch

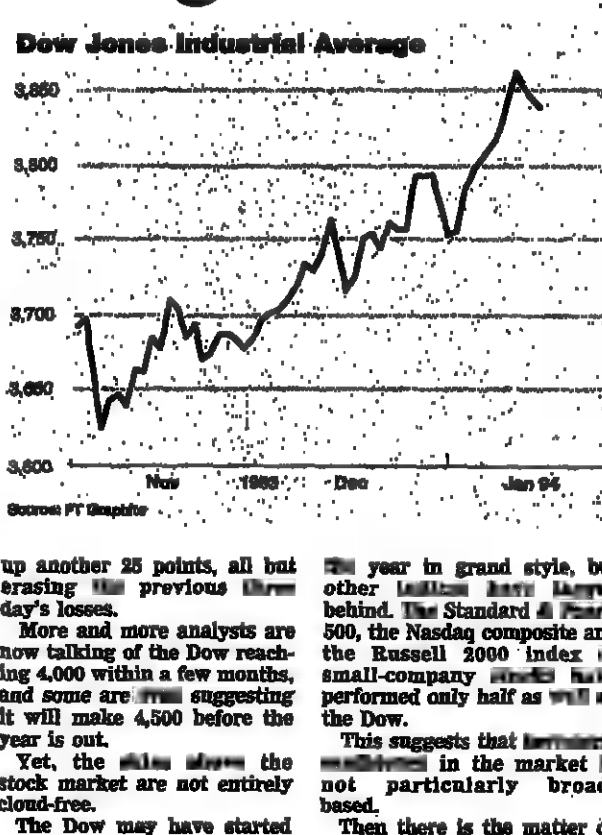
Schroder and Garmore are both launching UK growth investment trusts next month, aiming at 10p investors as the tax year-end draws near. The Schroder UK Growth Fund will have ordinary shares with one free warrant attached to every five ordinary shares. Garmore's British Income and Growth Trust, is a split capital investment trust, with two classes of share.

## Smaller companies index up

Trust, specialising in UK smaller companies, is to be launched next month. It is to be managed by Saracen Fund Managers, a new Glasgow-based company run by a former fund manager at the trust. It aims to raise £50m through an offer for subscription of shares at £1 each, with one warrant to every five shares.

# Everything in the garden is perfect, but...

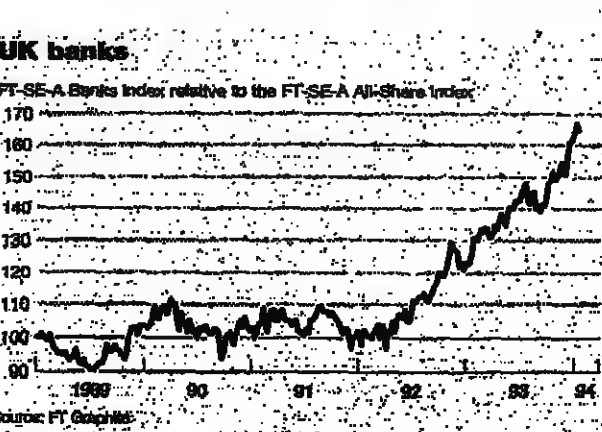
This may not necessarily be a good thing, but some Wall Street analysts have been pointing out lately that conditions in the US stock market are currently as near to perfect as is possible. The economy is growing at a solid pace, inflation is under control, interest rates are low, and corporate earnings are strong. The cash inflows from funds, coupled with the mood of optimism about the economy and corporate earnings, has been behind the stock market's impressive performance in the first two weeks of 1994.



equity valuations. Stocks on the S&P 500 are currently trading at about 23-times past earnings, and paying out a dividend yield of 2.6 per cent. Those figures are both well off historic averages, which are about 14-times earnings and a 4.4 per cent dividend yield. The bears in the market say it is only a matter of time before valuations start coming back toward historic averages, and that is more likely to happen as a result of a sharp decline in share prices, rather than a dramatic improvement in earnings performance.

# The Bottom Line It's eyes down in the casino

After a decade of falling dividend yields, UK banks have come to resemble slot machines into which gamblers have put lots of coins without winning. A small crowd has gathered in the stock market to watch the long-anticipated when the bells ring, and money starts gushing out.



to work out the best prospects," he says. The broad potential of banks is already clear. Three banks - Barclays, Standard Chartered, and Midland - cut dividends during the recession. Because domestic banks are now generating cash, they are unlikely to be cut by growing their assets.

John Gapper



## FINANCE AND THE FAMILY

## The people you need to know in the City

Scheherazade Daneshkhu and Bethan Hutton offer names and addresses for savers and investors who need advice, information or help

**T**he world of personal finance is complicated and it can be difficult for individuals to find the subject to find out where to look for advice, where to find information if they want to go it alone, and where to go if it all goes wrong.

The financial services industry is always changing but the sources of information are more constant. We offer here a guide to the more common areas of personal finance.

**FINANCIAL ADVICE**  
Independent financial advisers fall into two main categories: those who are regulated by commission and those who charge a fee. The latter has always been recommended as the better option to ensure there is no conflict of interest.

Money Management, a monthly publication, is a good source of information. The complete list costs £1,000 + VAT but if you simply want the names of advisers in your area, a small fee will get you a free of charge.

The Registry of Financial Planning is a list of IFAs, indicating which are fee-based and which are commission-based. It is available from IFA Promotion, which was established in 1992, operates a telephone line (0453-461461), and can send inquiries via information pack and the names of six local IFAs. However, most will be recommended by commission.

**PERFORMANCE FIGURES**  
If you have investments in unit trusts, you can check on the unit or share price in the FT every day, and you can also want to find out how they compare with similar funds. *Finance and the Family*

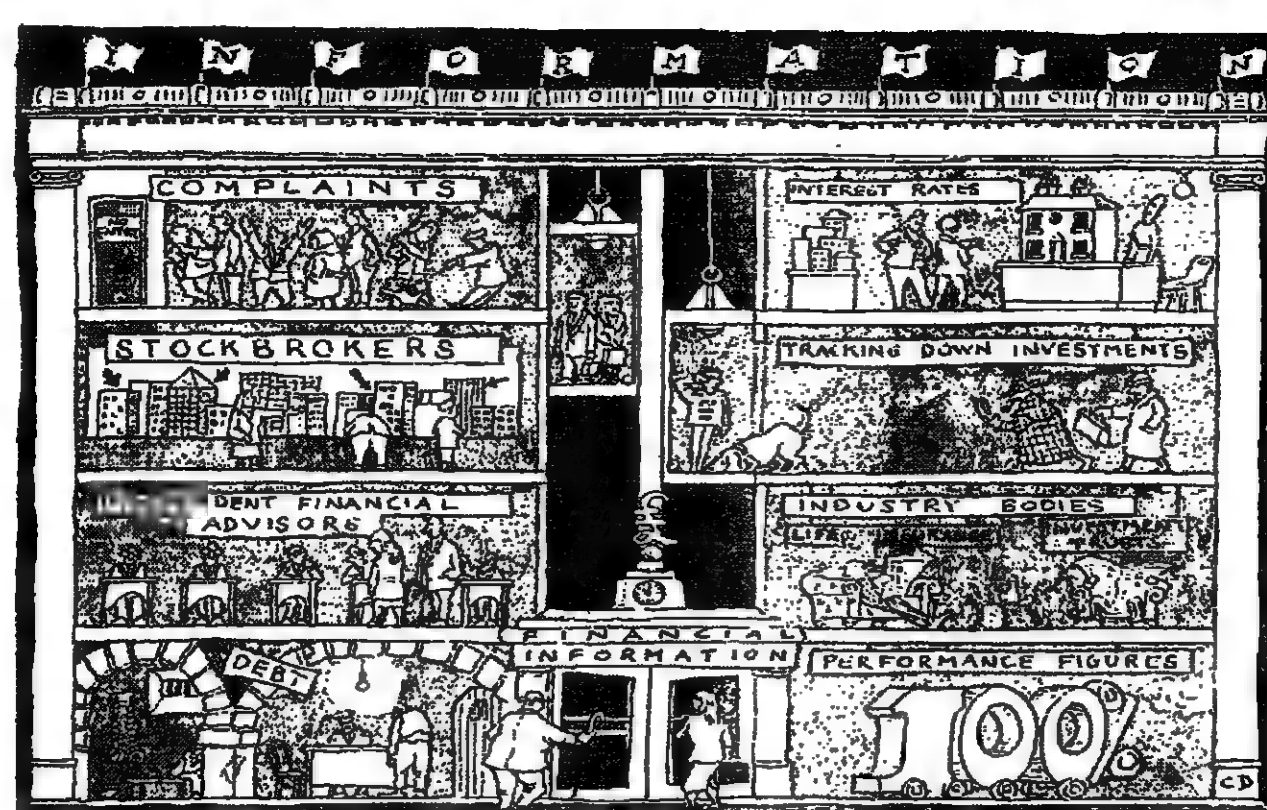
uses fund performance statistics from the Hardwick Stafford Wright and Micropal. They each produce a range of statistics every month, with separate packs on investment trusts, unit trusts, funds, pension funds and so on. However, subscriptions are expensive for private investors: HSW charges £150 a year per type of fund, for example. Micropal private investors would not need that amount of detail every month.

HSW, London, Manchester House, Park Green, Macclesfield, Cheshire, SK11 7NG. 0625-511311. Micropal has launched a monthly publication *Investment Tracker*, giving performance figures for unit and investment trusts, pension funds, popular share funds and market indices. The cost is £40 for a single copy or £100 pa. Micropal, Commonwealth House, 1 Chalkhill Rd, London W1N 8JW. 081-741-4100.

**SHARE INFORMATION**  
ProShare, the body which set up with government funding to promote wider share ownership, has a Guide to Information Sources for the Private Investor. The list includes newspapers and reference books as well as telephone directories (such as FT Cityline), investment analysis software and TV share-price information, such as *Shareline* Teletext.

The Guide evaluates the sources of information for simple language, value for money, ease of use and whether it is up-to-date. It is free in ProShare members but otherwise costs £4.95 + 50p p.p. ProShare Association, Library Chambers, 13 14 Basinghall Street, London EC3V 5BQ. 071-471-0000.

**SAVINGS/MORTGAGE RATES**  
Where do you look if you want to know who is offering the best mortgage deal, or where you can get the highest interest on your savings? Moneyfacts is the source of the "Highest rates for your money" table which we publish every week. It also publishes a highly detailed monthly guide to unit and building society accounts, mortgages, loans, credit cards, National Savings and so on. An



annual subscription costs £25, but for a free sample call 0800-201771.

**STOCKBROKERS**  
If you cannot find a broker through personal recommendation, the Association of Financial Client Investment Managers and Stockbrokers has a free directory of private client stockbrokers which gives details of the services offered by its members.

**COMPLAINTS**  
There are so many regulators and service providers in the financial services industry that it is difficult of finding the right person to complain to can

treatment of new share issues. Membership entitles you to a monthly newsletter and a telephone hotline which gives advice of forthcoming issues as well as information about the new issue market. Annual membership is £75 plus VAT. Butlers' Business Centre, 11 Curlew Street, London SE1 2ND. 071-407-0000.

**SELF-REGULATORY BODIES**  
Financial advisers: The main ones are: Chartered Accountants, There are three chartered accountancy institutes. The Institute of Chartered Accountants in England and Wales, Gloucester House, 111 St. Andrew's Place, London EC2A 4AB. 071-538-8890.

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some people.

The procedure for complaints is always to approach the company first, and only if that, the relevant self-regulatory body. The final stage is to take the matter to the ombudsman, if there is one. Keep photocopies of all correspondence.

**LOST INVESTMENTS**  
If you discover forgotten share certificates, insurance documents, building society pass-books, similar items, you know what they are worth, first write to the known address for the company

**FINANCIAL ADVICE**  
Independent financial advisers fall into two main categories: those who are regulated by commission and those who charge a fee. The latter has always been recommended as the better option to ensure there is no conflict of interest.

London SW1X 7AW. 071-931-044. Insurance Ombudsman, Citygate 1, 135 Park Street, London SE1 9EA. 071-938-7600.

**INVESTMENT OMBUDSMAN**  
Frederick's Place, London EC2A 4AB. 071-538-8890.

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**THE OCCUPATIONAL PENSIONS ADVISORY SERVICE**  
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(071-634-9144) will not usually deal with complaints unless they have first been through OPAS. The two share the address at 11 Belgrave Road, London W1V 1RB.

organisation. If that produces nothing, write to the appropriate industry body (see above), to find whether the company is still in business, or has changed name, merged or collapsed. After that, more detective work may be necessary, using back copies of yearbooks and newspapers.

**INDUSTRY BODIES**  
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25, Kingsway, London, WC2B 6TF.

**BRITISH BANKERS ASSOCIATION**  
and Information Office, 10 Lombard Street, London, EC3V 9EL.

**BUILDING SOCIETIES ASSOCIATION**  
3, Savile Row, London, W1X 1AP.

**NATIONAL CONFERENCE OF FRIENDLY SOCIETIES**  
Park Gate, 21 Tothill Street, London, SW1H 8LL.

**REGISTER OF FRIENDLY SOCIETIES**  
15, Great Marlborough Street, London, W1V 2AX.

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**THE NATIONAL DEBTLINE**  
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## FINANCE &amp; THE FAMILY

# Ring in the revolution

Bethan Hutton looks at the way technology is affecting financial services

The British are becoming more comfortable with telephones, and this is causing a revolution in financial services. More than 90 per cent of households in the UK now have a phone and, although it takes time to reach your banker, insurance broker or stockbroker.

Telephone-delivered services are a new item in mass-market financial services, but they have been warming up for years. In the mid 1980s, computers answered to everything. Every bank expected to have a computer within a few years so linking your computer with the bank's computer by a phone line seemed logical.

Bank of Scotland was the first pioneer in UK telephone banking. Its computerised Banking Service, launched in 1985, was followed by systems using computers, specially-designed terminals, or voice-activated systems.

still many technophobes around, plugging a computer into their phone socket, holding a tone-pad to the mouthpiece.

The financial services industry

soon realised that although people were happy using the phone, what they mostly wanted was human contact, not screeching modems. So telephone and computer-based services where the interaction is with a person have taken off - look at the success of Direct Line in the general insurance market. It could not operate without sophisticated information technology, but customers deal with a friendly human being at the end of a phone.

First Direct, the independent Midland bank launched in 1991, has shown the way for personal banking with a similar formula. Many of the banks which followed in the wake of First Direct are giving up on the high-tech approach and going for a more personal service.

The first in this new breed of banks was First Direct, which replaced its 24-hour fully computerised operation, Lloyds up on its computerised phone service in 1991, and is now planning to join the club of telephone bankers with a human touch later this year. Barclays is also planning to launch a new personal service running in several regions, and is planning to go national in the computer-based ActionLine, and PrimeLine, a centralised, personal-contact service

Telephone banking			
Bank	Contact	Hours	Notes
Barclays*	Person	Yes	7am-11pm
Bank of Scotland	Computer	No	7am-1am
	Person	Yes	6am-midnight
Co-op	Person	Yes	8am-midnight
First Direct	Person	Yes	24 hours
Girobank	Person	Yes	8.30am-8.30pm
NatWest	Person	No	24 hours
N & P	Person	Yes	8am-10pm
TSB*	Person	Yes	24 hours

\* Plus services on weekdays. \* Can overdraft be arranged over the phone?

for customers earning more than £10,000.

The Bank of Scotland still operates HOBBS, a many loyal customers. It, but it has also succumbed to the human revolution, and launched Phone Line, a personal service, as well. Earlier this month, Bristol & West launched its first building society, a 24-hour, fully staffed telephone service for investors.

However, First Direct has not been alone in all ways. It is a centralised operation, with no branches, and customers are not allocated to a particular manager. The majority of the rival services are designed as supplements to branches. Customers have a choice of voice-to-voice or face-to-face contact, and they still have a human touch somewhere in the service.

personal responsibility for their account.

The attraction of telephone banking for most people is speed and convenience. You do not have to visit the bank branch except to pay in cheques (and this can be done by post). There is certainly no need to queue to pay the gas bill, change a standing order or direct debit, check your balance, order a cheque book or so on. Some banks let you order foreign currency over the phone, haggle over your overdraft, or arrange a mortgage to buy and sell shares.

Girobank says its most popular service over the phone is giving an up-to-date account balance, followed by cheque-book requests, checks on whether a salary or other payment has been paid in.

Additionally, all the telephone banking services are open for longer hours than normal banks, including weekends. First Direct says that more than half of its calls are outside normal banking hours. It is even open 24 hours a day. Co-op says its busiest time is between 11am and 11pm on Mondays and 11am and 11pm on Tuesdays, but obviously, even though services are open

rate telephone numbers, many customers prefer to call on company time.

When banks offer a personal telephone service as an add-on to standard branch-based accounts, the service is usually free (apart from the cost of the call), and account charges are the same as usual. You may have an extra for computer-linked services, particularly if you need a special terminal. Telephone-only accounts - such as First Direct or NatWest's PrimeLine - will have different charging structures from the bank's other accounts, so you will need to check whether they are good value for your pattern of use.

Security is a concern for all people. All telephone banking systems use words or personal identification numbers, and usually other pieces of personal information, such as your mother's name, to verify a caller's identity. Although not all the information will be requested each time you make a call, the bank will not make a call of its own accord.

Other worry is what happens in cases when there is a dispute between you and the bank over your instructions - you may not have the comfort of a stamped cheque or bill as proof of your transaction. It is sensible to make your own record of what you say.

Some telephone banks, such as First Direct and Barclays, prevent such problems by tape-recording all calls. This is just tape a proportion of calls, notes. The Co-op sends written confirmation of all telephone transactions, so any discrepancies are caught early.

## Directors' transactions

# Timely sales made

## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED IN US\$)

Company	Sector	Share	Value	No. of shares
SALES				
STR	DM	275,000	1,028	1
Canal	DM	20,000	82	1
EMAP	Media	16,350	69	1
GSE Int	Eng	38,000	30	1
Grand Metropolitan	SW&C	149,824	872	1
Hanson	DM	4,200	11	1
Independent Newspapers	Media	230,000	1,125	1
Life Sciences Int	Hth	69,000	102	1
Marles & Spencer	RetG	15,000	58	1
Mercury Asset Mgmt	ChF	2,684	19	1
Pearson	Media	30,000	188	1
Premier-Land	Edin	4,416,337	298	1
Radson	Ser	70,500	18	2
Read Int	Media	20,000	183	1
SEP Ind (inc prof)	Diet	853,956	318	2
Senior Eng Group	Eng	10,000	13	1
Sherriff Hgde	ChF	25,000	64	1
Smith New Court	ChF	280,000	1182	2
Tarmac	DM	12,000	99	1
Tridinger House	DM	10,500	12	1
Vega Group	Ser	690,000	1,449	1
Weir Group	Eng	18,880	80	1
Wetherspoon JD	Brew	180,000	654	1
Willsaw	DM	190,000	59	1
Willis Corroon	Insu	7,500	11	1
Yorkshire Water	Water	2,000	11	1
PURCHASES				
AAH Holdings	Hth	5,000	25	1
Bathurst	RetG	12,297	18	1
Burnfield	Eng	15,000	11	1
Castle's Holdings	ChF	20,000	35	1
Clarke Nickolls & C	Prop	54,250	16	1
Deviant Soc (open)	Prop	2,303,846	785	2
Deviant Group	Test	100,000	99	1
EMAP	Media	7,500	32	1
Holiday Chem Hols	Chem	10,000	11	1
Kalamazoo	Ser	15,000	11	1
Marshalls (inc CORP)	DM	11,750	15	1
Osprey Comm	Media	125,000	81	1
Radson	Test	47,000	12	2
Siebo	Eng	8,000	46	1
Watts, Blake Beams	Edin	5,028	13	3
Welman (prof)	Eng	100,000	90	1
Willis Corroon	Insu	10,000	24	1

Value expressed in US\$. This list contains all transactions, including the exercise of options (if 100% subsequently sold, with a value over £10,000). Information released by the Stock Exchange 4-7 January 1994. Source: Directors Ltd, The Inside Track, Edinburgh

revelry of the new year, director activity continues with a series of judicious purchases and timely sales.

Vega Group, involved in the provision of computer systems, came to the market in June 1992 and its shares have out-performed the market by 100 per cent over the past 12 months.

Following the strong growth, Christopher Duckworth, the finance director, recently joined the company's board of directors. John Pugh, the chairman, and Angus Johnson to sell a total of 690,000 shares at 310p per share. Johnson and Pugh have sizeable holdings but Duckworth's holding has been considerably smaller.

Smith New Court, City stockbroker and market maker, its share price rose 100 per cent in the past year. Given such a movement, it is not surprising that directors are taking some of the cream off the top.

Two directors have a percentage of their stock: Anthony Abrahams, more than halved his holding and Michael Heath has cut his by a third, both to 41.5p.

After Osprey Communications announced its final results, Ronald Sidaway, executive director, bought 125,000 shares at 41p. This was his holding in 500,000 shares and reflects the note of optimism the chairman sounded in his year-end statement.

Colin Rogers, The Inside Track

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## Playing safe with the big bonuses

Sara Webb asks the City slickers  
how they are using their rewards

The recession has instilled a sense of caution among City employees, and while bonuses for the last financial year are likely to be generous, many of the people working in the financial sector are saving rather than splashing out.

The rally in the stock and bond markets last year meant that many City firms made bumper profits from their trading and are expected to reward their staff accordingly at bonus time.

"The feeling is that this was a pretty exceptional year and people are unlikely to want the same kind of profits in 1994, because it's a one-off," says one trader.

"What I expect is that I'll get eventually, I won't be buying a round-the-world holiday, I'll be saving it."

City firms will not pay their staff bonuses until the end of January or even later in the spring when the company's results have been done.

At the top end of the league, Kaveh Alamouti, a trader at Tokai Bank's London operation, attracted considerable attention when he reputedly earned £1m in 1993 combining his salary and bonus.

Goldman Sachs, the US investment bank which

particularly good at managing their own financial affairs.

"The bonus" is a sensitive subject, and not one that people like to be quoted on, it is a bit of a taboo. People tend to be a bit reticent about how they are spending their bonus, although you find that it is likely to just let it slip into conversation if they have money in an emerging market," said one trader.

Anecdotal evidence from trading floors suggests that while one or two might be thinking of buying a yacht, many are choosing to regard it as a one-off reward, to be saved or invested carefully.

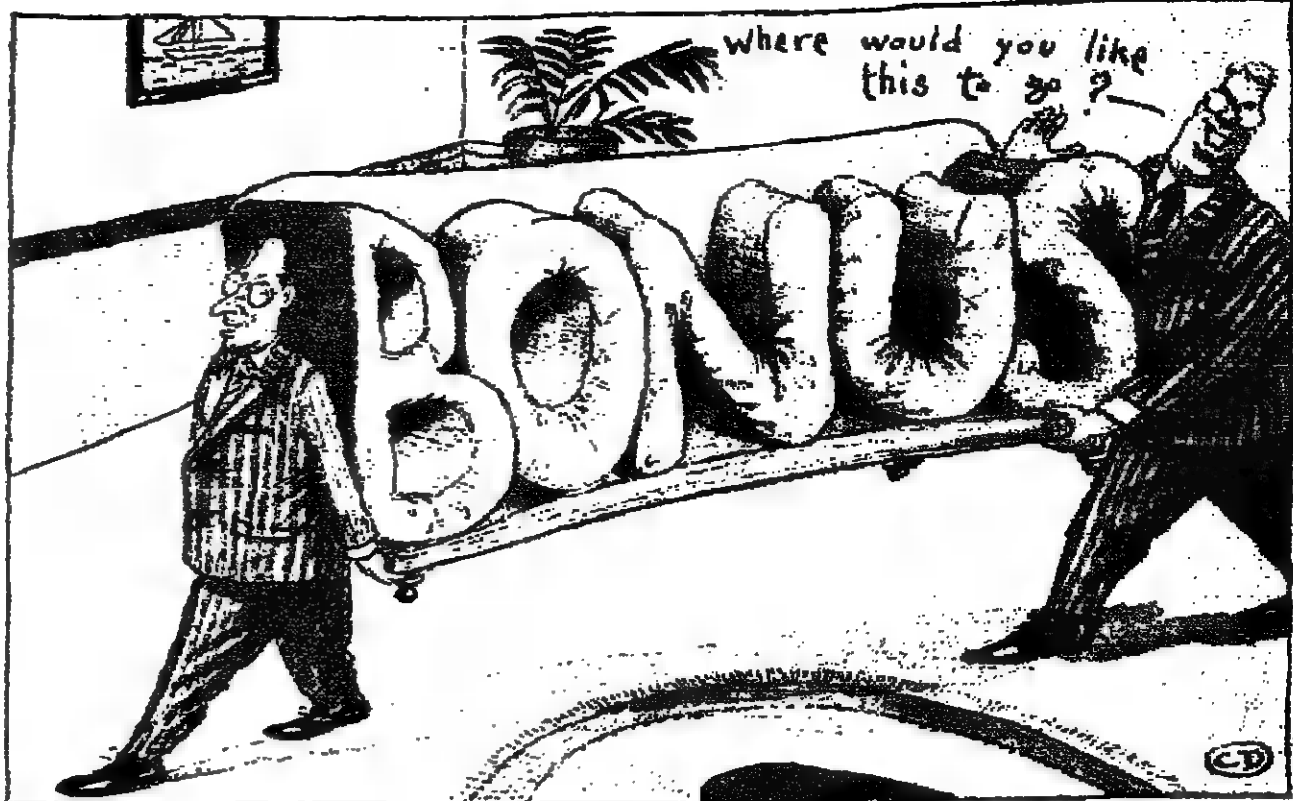
"I know it sounds boring, but I'm just going to use the money to help pay off my mortgage," said one senior economist at a Japanese bank in London. This seems to be a common approach, particularly by those in their late 30s or early 40s who may have come into the financial sector late to enjoy the fruits of the bonus bonanza.

"I expect I shall use the money to redecorate my house - I've just moved, and the previous owner had dreadful taste and painted everything battleship grey," said one economist at a UK bank.

Investment advisers support the view that those in the financial sector are erring on the side of caution this year. "They've all suffered a little, these are the good times after the bad and there's a degree of prudence," said David Major, tax partner at Touche.

In many cases these private clients are following the basic principles of financial planning. That means taking advantage of the tax-efficient plans such as Tassas, Peps and National Savings.

While the ceilings on these schemes are low, Major says



considerable tax savings can be made, especially if both husband and wife are the schemes.

John Bridel, an adviser at Towry Law, says husbands and wives can double up their National Savings holdings by each using their respective £10,000 maximum and then writing a further £10,000 in trust for each other.

Another City favourite - the Expansion Scheme - which offers relief as well as considerable risk in some instances, was laid to rest at the end of last year. One trader at a US bank groaned at the mention of BES: "God, the amount of talk there used to be on the trading floor about BES was positively boring."

His successor, "Son of BES" is the Enterprise Investment Scheme announced in the November 30 Budget, though advisers say investors should wait to see what kind of schemes are launched.

Equities and collective investments such as investment funds and unit trusts are popular with City employees. Some traders and sales staff like the idea of investing in the European privatisation investment trusts set up by Kleinwort Benson and Mercury Asset Management recently, while others

prefer the high-growth economies in Asia.

"If the Pacific rim economies are set to grow by about 10 per cent a year, and EC countries by 2 per cent a year, I know which area I think is the most attractive," said one equity salesman.

One senior manager at a UK bank admitted that the subject

where to invest had been a topic of debate among City slickers in the train carriage.

"There's a fair amount of discussion among people coming into work in the mornings about the emerging markets - the Philippines seems to be the one that everyone talks about with interest."

An economist at one of the

UK banks said the emerging markets were popular and might have been over-bought, but added: "I might put a small amount in a Latin American fund." However, he said that if the pound strengthens this year, there is a risk of being concentrated on dollar-based investments, rather than take the currency risk.

## Hopes for annuity rate rise as yields increase

The Office shows compulsory purchase annuity rates for RNPFP in a range of years and with different investments. RNPFP annuities are available only to those in the nursing and allied professions.

Peter Quilton, director of the Annuity Bureau, which supplied the table, says: "Worries about inflation and supply of the UK government bond market has led to recent increases in yields but this has not yet fed through into any rise in annuity rates. Following the upturn in 15-year gilt yields from their trough just before Christmas, some rates could rise slightly if the trend continues."

The Annuity Bureau Limited, Enterprise House, Upper Ground, London SE1 9PQ. Tel: 071 733 1111

### ANNUITY RATES ON JANUARY 12

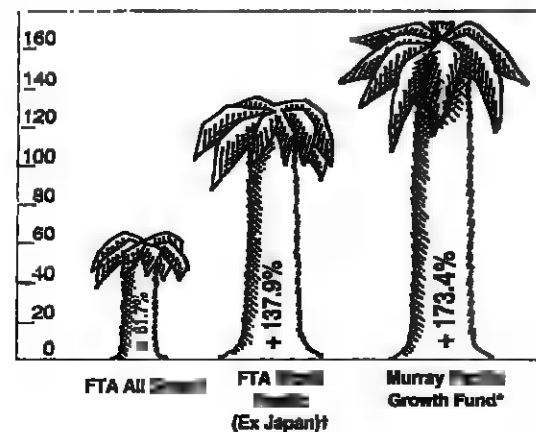
COMPULSORY PURCHASE LEVEL ANNUITY			
Male age	Female age	Rate	Rate
RNPFP	RNPFP	£8,700.48 Legal & General	£7,410.48
£8,505.04 Swiss Life	£7,340.58		
COMPULSORY PURCHASE LEVEL ANNUITY			
Male 60	Female 60	Rate	Rate
RNPFP	RNPFP	£8,700.48 Legal & General	£7,410.48
£8,505.04 Swiss Life	£7,340.58		
COMPULSORY PURCHASE LEVEL ANNUITY			
Male 70	Female 70	Rate	Rate
RNPFP	RNPFP	£8,700.48 Legal & General	£7,410.48
£8,505.04 Swiss Life	£7,340.58		
SPOUSE'S BENEFIT			
Male 60/Female 57	Female 63/Male 60	Rate	Rate
RNPFP	RNPFP	£8,700.48 Legal & General	£7,410.48
£8,505.04 Swiss Life	£7,340.58		

All payments are monthly in advance. Figures assume a purchase price of £100,000 and are shown gross.

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\* SOURCE: DATASTREAM TOTAL RETURN. \* SOURCE: INTERNAL, OFFER TO BID NET. \* SOURCE: ALL FROM 1/8/92 TO 31/12/93. REMEMBER THE PRICE OF AND THE TIME IT TAKES TO GET BACK TO THE FUTURE. INVESTORS MAY NOT GET BACK THE AMOUNT THEY INVESTED. \* MURRAY JOHNSTONE UNIT TRUSTS ARE A MEMBER OF LAUTRO.

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\*Source: Miford offer to bid, net income reinvested 11.4.88 to 20.12.93. Please remember that the value of units and income from them may fall as well as rise. \*may partly be the result of exchange rate fluctuations. Past performance is not necessarily a guide to future performance. Issued by Morgan Grenfell Investment Funds Ltd, 20 Finsbury Circus, London EC2M 1UT. Member of IMRO. Morgan Grenfell Investment Funds Ltd is an appointed representative of Morgan Grenfell Unit Trust Managers Ltd which is a member of IMRO LAUTRO and the AUIF.



## FINANCE AND THE FAMILY

## Assessing international risks

The darlings of the international investment world are emerging market and specialist funds (technology and special opportunities).

Which are the best managed funds over the last four years? I did with global growth funds. I have used two minimum performance criteria. Good fund managers must beat the total return on the FT-A World ex-Japan, and must exceed the ratio of a fund's risk to its return. The figure for the FT-A World ex-Japan index is 0.21.

Those funds that have passed the twin tests have been split into three groups. These groupings reflect each fund's investment strategy. A further group, funds that are not in the top three, have histories that are too short.

The funds that we have highlighted are of the type that qualify for new survey a simple tale: the funds with talent. To many this will not be a revelation, but technology and emerging market funds have dominated the total return rankings of the International Growth funds in the last three years.

Do not, however, be fooled into thinking that buying a technology or emerging market fund is plain sailing. Two technology funds (Allied Dunbar and Barclays) have poor records, and Henderson's Frontier markets fund is a relative dud among emerging funds. The opportunities subsector is still worse with five underperformers.

Emerging market and specialist funds are a tad risky.

ities funds as a class have lower returns mean they are only 17 per cent riskier than the average international growth fund.

Risk in itself is not a bad thing. It is only bad when it is unrewarded. By adjusting each fund's returns to its risk, it is possible to produce a risk/return ratio that has juggled the

degree. Looking at this way, a manager's success in managing a high risk/return fund is a measure of ability.

It is also quite valuable when investing in high risk funds to know the pinpoint manager who are adept at managing risk. They are with return. The high risk/return of Perpetual's International Emerging Companies fund, for instance, is the product of high returns

in emerging market funds is a simple matter either. For the sake of the similarities between their four-year total returns, one appears to be more defensive than the other. When, for example, world equity funds were in 1991, City of London lost less than the benchmark, whereas Prosperity slipped back a good further. And while Prosperity's fortunes were in 1991, the relative sluggishness of City of London's pick-up suggests that its heavier bias towards America and its individual character (it invests only in the shares of emerging market investment trusts) is correlated with the rise of the world's Prosperity's fund.

The one special opportunities fund can call its own against the rest of emerging market stars offers a little of everything. Perpetual's International Emerging Companies fund combines a lot of emerging markets, technology, special situations and a lot of high quality stock selection. Other funds provide interesting combinations too. GT's Special Situations, for instance, includes a substantial technology element, while the technology fund like to invest in emerging markets as well.

Whatever your interest in emerging market funds, to judge past performance it is vital to know the risk/return of a fund, its history and its investment orientation into account. Our classifications have been designed with these considerations in mind.

The article on international growth unit appeared on December 18, 1993. The reference to GAM International in the piece should have read GAM Sterling and International.

Judging the records of our

## John Cuthbert looks at ways to calculate just how well emerging market and specialist funds perform

Compared to the average international growth fund, technology and emerging market funds are respectively 17 per cent and 47 per cent more volatile. Most of the funds are as high risk as the average, although there is one exception. Scottish Equitable Technology's occasionally sizeable gains are a safe haven, for instance, its rating that only average (its risk score is 1.1 or per riskier than the average).

In contrast, special opportu-

nities funds as a class have lower returns mean they are only 17 per cent riskier than the average international growth fund. High risk funds such as Framlington Health, Prosperity Emerging Markets and City of London Emerging Markets, all of which carry the highest risk warning (Very High), come out looking good. In each case the high risk/return ratio of the funds has been justified by spectacularly high returns.

By contrast, the Very High risk incurred by Prolific Technology and Henderson TR Global Technology has not been rewarded to the same

relative to the benchmark fund than interstellar risk as well. Better still, Scottish Equitable's Technology fund has achieved a risk/return figure through a combination of high-risk returns (a benchmark score of 1.37 is the best at) and moderate risk.

It is also important that the risk/return figure of a fund is read in isolation. Investors must still sift through the fund's findings to get a complete picture. For example, you may yearn for a technology fund and on rankings, the high risk/return score of Framlington Health might suggest this fund for consideration. But look again. This fund has an erratic return record. The reason? It is virtually a 100 per cent global fund and its fortunes are the result of the market.

If you prefer a technology fund with defensive qualities, the four year-on-year returns relative to the benchmark may be proof that Scottish Equitable would suit. But this fund's record also shows evidence of a trade-off between stability and total return.

Judging the records of our

## International Growth Sector: Emerging and Specialist

Year	Total Return %	Benchmark	B.M. Ratio	Risk to Benchmark	Risk Description	Risk Ratio
<b>TECHNOLOGY FUNDS</b>						
Framlington	1990 -13.46	1991 121.37	05.39			
1992 26.29	-0.72					
1993 10.11	11.92					
Total	108.32		2.27	1.82	HIGH	
Scottish Equitable Technology	1990 -14.78	1991 38.65	4.57			
1992 23.96						
1993 33.31	5.14					
Total	55.43		1.37	1.1	AVERAGE	0.27
Prolific Technology	1990 -30.99	1991 58.35	-11.84			
1992 80.71						
1993 25.64	7.47					
Total	63.82		1.97		VERY HIGH	
Henderson TR Global Technology	1990 -20.57	1991 44.19	-1.22			
1992 37.49	18.21					
1993 28.7	10.58					
Total	83.43		1.75	1.58	VERY HIGH	0.24
<b>SPECIAL OPPORTUNITIES FUNDS</b>						
Perpetual International Emerging Companies	1990 -19.54	1991 35.88	-0.59			
1992 31.88	4.88					
1993 80.88	42.79					
Total	91.98		1.98	1.23	ABOVE AVERAGE	0.34
GT Worldwide Special Situations	1990 -20.77	1991 48.63	-1.42			
1992 19.58	23.55					
1993 35.48	17.31					
Total	72.45		1.52	1.21	ABOVE AVERAGE	0.27
Britannia International Special Opportunities	1990 -11.03	1991 6.88	8.32			
1992 20.85	-20					
1993 80.15	31.98					
Total	80.15		1.28	1.14	ABOVE AVERAGE	0.25
<b>EMERGING MARKETS</b>						
City of London Emerging Markets	1990 -11.38	1991 14.99	7.99			
1992 82.88	-11.29					
1993 83.74	25.84					
Total	116.82		2.45	1.5	VERY HIGH	0.35
Prosperity Emerging Markets	1990 -29.2	1991 40.22	-9.35			
1992 59.59	14.24					
1993 79.37	12.57					
Total	102.32		2.15	1.46	VERY HIGH	0.3
FT-A World Ex Japan	1990 -19.35	1991 25.98				
1992 27.01						
1993 18.17						
Total	47.83			1.03		

Key to table: Years are November-to-November. All the four year total is based upon monthly percentage changes so does not sum to the four year-on-year total. The Benchmark column shows the arithmetic difference between the fund's return and the index's return. The BM or benchmark ratio represents the percentage underperformance by the fund over the four years. Risk is total risk or volatility. Total risk is measured by the monthly standard deviation over four years to November 30. Risk relative to sector is each fund's standard deviation divided by the sector's average standard deviation of 4.52. Return is the four year average monthly total return by the four year standard deviation of monthly returns. Return data is after-tax, net income reinvested. Source: HSN. Other calculations: J. Cuthbert.

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## FINANCE &amp; THE FAMILY

Expatriates / Donald Elkin

## In search of tax-efficiency

Are life policies a suitable investment for expatriates or are the benefits of their tax-efficiency exaggerated?

"Qualifying" maximum investment plans which have a minimum 10-year term and which provide minimal life cover - 75 per cent of the prospective premiums payable - are a common investment for expatriates.

They are often chosen because of the perceived tax benefits after return to the UK since no personal tax is payable on the proceeds, whether received as a single payment or a series of payments over a number of years. Unfortunately, perhaps fewer than one in 10 of the expatriates who invest in this way will achieve any significant tax benefits.

Broadly, UK life companies pay 10% on the income gains of their life funds at 25 per cent, which is the same as the basic rate of tax paid by individuals. Investing in an offshore policy will not necessarily avoid the payment of this tax because you must convert to an equivalent UK policy within one year of becoming a UK resident to maintain its qualifying status.

Consequently, you will receive no benefit if you transfer your UK life policy to an offshore policy when you receive your "tax free" payments. Of course, if you are a higher rate taxpayer, the situation is different, as you will be paid just 40% against the 40% that you would have paid as an individual.

However, the returning expatriate, whose days pay higher rates than those in mind, if he or she can divide the policy equally between them, they would jointly need more than £56,000 a year (that is,

more than £1m invested at an average rate of 5 per cent) to fall into the higher rate band.

Unfortunately the situation is not neutral. You will probably have incurred a cost to achieve these, perhaps, illusory benefits. Investment performance may be inhibited by the limitation of your investment choice. If the policy consists of a "menu" of 100 or more funds, that will be perhaps 35 times as many as are available to you.



Furthermore, you may be faced with the arrangement, since early termination is likely to produce a net financial loss and you might suffer surrender penalties into the bargain.

The majority of expatriates would be better off investing through non-contractual savings schemes, for example, a unit or investment trust, which allow you to increase, reduce, stop and restart contributions as will.

However, the qualifying policy is not the only, or even the most important, UK product offered to expatriates. Many are offered single premium bonds which are

designed to receive lump sums.

The single premium bond is in many guises, sometimes as a funding plan for a pension plan, sometimes as a managed investment and sometimes as a pension plan. In all cases, the basic arrangement is the same.

Once you have received UK residence, the liability arises under the "chargeable event" legislation. This allows you to withdraw a per cent annum of the sum originally

account to calculate the profit, which is chargeable at your marginal rate of income tax, subject to certain reliefs.

The fact that single premium bond holders pay no tax provided the draw-downs do not exceed 5 per cent a year, allows for long-term investment. It is your advantage if you can reinvest 100 per cent rather than just 60 per cent of your surplus income, even if you have to pay tax on all of it eventually.

Unfortunately, calculations to quantify the benefit frequently fail to take account of the investor wishing to draw funds before they die. If they do, they are likely to trigger the pent-up charge and - in the early years of the fund - perhaps termination penalties.

Since it is necessary to reinvest the insurance company, the underlying asset (perhaps) and the intermediary too, there is a tendency for the cost of life products to be higher than other investments. Perhaps such a cost can generate meaningful advantages for you but it is not necessarily so.

The structure of a life policy does not in itself present an inherent investment advantage although its tax advantages are often incontestable. The top 10% of income tax in the UK reached 97 per cent. Even a mediocre performance in a life policy could leave you better off than a well performing direct investment.

However, even that such products are a memory, life products are probably over-sold, particularly since today's financially sophisticated expatriates have access to a much greater range of investment choices than before.

Donald Elkin is a director of Wilfred T. Fry Limited of Worthing, West Sussex.

## Wife can sell shares

I have obtained from the Inland Revenue leaflet number CGT 15, A Guide For Married Couples in respect of Capital Gains Tax.

It is my understanding from reading this document that if I transfer a shareholding, currently in my name, to my wife, the shares may then be sold in my wife's name in order legitimately to make use of her CGT allowance.

Furthermore if the sale is then split, part of it before

April 5, 1994, and the rest after, it would appear that total value of approximately £10,000 could be free of CGT.

Given that my own allowance has been fully utilised, it would be a sensible option to take. Is this correct in your opinion?

Your choice of words (such as "sold in my wife's name" rather than simply "sold by my wife") suggests that you are not contemplating making a

bona fide outright gift of shares to your wife, but merely using her as a nominee or puppet to realise funds which will find their way back to you, albeit indirectly.

However, if you propose to give your wife some measure of financial independence by making outright gifts of shares to her, then the answer is yes: if she decides to sell some of the gifted shares on or after April 5 and others after, she will have two annual exempt

## Q&amp;A

## BRIEFCASE

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amounts of £5,800 against her chargeable gains. We recommend that the proceeds, and any dividends arising after the gift, be credited to an account in your wife's name (to which you have access), so that it is clear that none of the money can be construed as for your benefit.

## Income tax query

I wonder if you would be good enough to set out for me, step by step, the income tax implications for a married couple who had a salary of £25,000, a pension (equities gross) of £10,000, a gross income of £35,000, and one is under 65 and married.

It is the treatment of the married couples allowance at 10 per cent which has perplexed me. I might add that I phoned the Revenue Enquiry Bureau for an explanation but they regretted that they had no information yet.

The restriction of relief on the married couple's allowance to 20 per cent does not come into effect until 1994-95: it will be restricted to 10 per cent for 1993-94.

Your maximum liability on the suggested figures would be as follows:

Schedule E  
£3,445 personal allowance  
£3,000 at 20 per cent = £600  
£13,555 at 25 per cent = £3,388.75  
£20,000 £3,988.75

Schedule F  
£7,145 at 20 per cent = £1,429  
£2,855 at 40 per cent = £1,142  
£10,000 £2,571

Less: relief on £1,720 at 20 per cent = £344.00  
Income tax chargeable £5,225.75  
Less: credit on £1,720 at 20 per cent = £344.00  
Income tax actually payable £4,881.75

Less: PAYE tax under £1,482 £3,400  
Tax payable on December 1, 1993 £1,482

\* In fact, the PAYE tax deductible under code M would be slightly less than £3,444.75.

Personal allowance £3,445  
Married couple's allowance: 80 per cent of £1,720 £1,376  
Rounding-up £1,482  
Allowances given by code 482 £4,828

Less: PAYE tax: £1,482  
£3,346 tax payable  
£3,346 at 20 per cent = £669.20  
£12,171 at 25 per cent = £3,042.75  
£20,000 £3,711.95

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FINANCIAL TIMES, 17th December 1993.

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EQUITY INCOME	50.7%	2nd
EXTRA YIELD	47.4%	5th
HIGH INCOME	45.6%	6th
DIVIDEND	42.0%	10th

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Woodwich Quernley BS	Woodwich Int		60	£200	5.75% Yy
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## MINDING YOUR OWN BUSINESS

# My own little shop of horrors

I dreamt about owning my own business for years. Every December 31 it would be top of my resolutions list. But like losing weight and becoming a better person, nothing ever came of it. Then suddenly I was 35. Mid-life crisis. If I did not do it, I never would.

I knew exactly what it was like. I had pictured it often. One of the prettiest, bustling shops, on the other, exquisite at affordable prices. Somewhere in there, me, swanning around, the boss.

The dream was made. I counted my life savings - £6,000; amazingly I persuaded three friends to chip in another £18,000; and I was a very generous man at Barclays Bank who opened a sack of money and told me to help myself. I relieved him of £24,000 from all I had saved for 18 fairly mediocre years and set off in search of my dream.

Wherever along the way during the discussions, planning and even discussions, the shop was to be in favour of an upmarket children's boutique.

Armed with the knowledge that the three most important requirements for a retail outlet are - location, location, location, I searched for two months. There was nothing. This was early 1989. Boom time. The punters were spending. Shopkeepers had never been so happy. And so to let sign in sight. And so it was, after a month of protracted negotiations I secured an £8,000 premium for the lease on a grubby, insect infested, almost sweet shop just off the main parade in a moulded area of Cheltenham. Rent: £100 per week.

My expensive, bland shop was in me, three months of hard graft, made by willing volunteers, transformed the place into a whitewashed, pine-clad, col-matted oasis. With £15,000 of stock

fully displayed, I was ready. The delay, costs and knocks along the way had not dented my enthusiasm. I was raring to go.

I took £750 that first week. No, not a fortune, but my expectations. The "break even" figure. I had calculated it would take me to work up to that amount.

I had cracked it. It was going to be a success. My three financial backers and I anticipated the profits in Barclays with pleasant encouraging letters. Life was good.

It did not last. Initial enthusiasm for a new shop died down. Takings averaged

**Jane Whitehead dreamt of running her own business: it was a nightmare**

A week. Nigel Lawrence raised interest rates and the first signs of the recession began to take root.

I was in the fashion business. There had to be orders six months in advance - a lottery. Who could say what trading conditions were going to be so far in the future? I certainly could not. Even children do not want last year's styles. Whatever had not been sold each season had to be got rid of whatever the price.

Outgoings and overheads were horrific. It was a round of paying out. The beguiling local schools and charities for donations and raffle prizes was one large expense I had not budgeted for. How could I turn them down? They were a source of potential customers.

The original investment of £24,000 had gone. I needed more to survive. I did not want to earn anything. It was up to my three backers. They came with the

I tried everything to bring

the punters in. I advertised, put "money off" in the local press, organised charity fashion shows, distributed expensive leaflets, participated in local events, injected humour into window displays and installed Father Christmas and a photographer for a week. I could not ask for more from family and friends. It was all going wrong.

I began to hate it. The constant worry. I could not switch off. The sleepless nights, boredom, condescending mothers and badly behaved brats. I missed the inane chatter in the office, the companionship, the salary at the end of the month.

Barclays began to frost. Letters no longer arrived. Dear Jane, I had been trading months when that man who had so easily

it back. Why? It was fully guaranteed, backed by the share and a handover by my three partners in crime. But it had suddenly become a different situation and the banks were getting fussy. It happened to a lot of people.

That was the beginning of the end. Two years in the day after I opened my lovely shop, I closed it. I had tried, without success, to sell. No one in their right mind was taking on a retail business. Or if they wanted to, there were so many signs: "business for sale", "to let", "closing down".

Perversely, the signs made me feel a little better. I meant it was just I who had failed. But I had awakened from my dream.

Do I feel guilty about the money my friends lost? Yes. Very much. Thankfully they are still friends.

Do I regret doing it? No. If I had not I would still be looking for a shop. It was an experience and I learnt a lot of lessons. Now I can move on to my dream.



Green grocers: Tim and Jan Deane show off their boxes of organic vegetables which sell for as little as £4

## Hard edge of the good life

Clive Fewins meets a couple who eke out a living from the soil selling vegetable boxes

When Tim and Jan Deane arrived at their 24-acre smallholding on the edge of the Dartmoor National Park in 1981 they saw how any small organic grower in our situation and with our soil conditions could earn a really good living," said Tim. "Last year we paid ourselves £3,100 each out of a profit of just £5,000. In all three years here we have yet to reach the income tax threshold."

On their meagre profits the Deanes have to support two children aged 15 and 12. They are without complaining, and are convinced the future will bring better times. Besides, they all enjoy their way of life in Northwood Farm, which lies in an idyllic spot on the slopes of the Teign valley,

10 miles from Exeter. "Hardship is the price of continuing with our youthful idealism and doing things the way we want to, with as little compromise as possible," said Jan, who, like her husband, is 43. "Of course, we would like a little more money. It would be nice to have a house, as we have lived in two, and three, for the past nine years. But we realised when we bought the land - £23,000 - that we would never be rich. We call our way of life 'homesteading'."

The organic farming co-operative the Deanes belonged to collapsed nine years ago, leaving them £21,000 worse off - a lot of money to lose. Then they have concentrated on selling vegetable boxes, rather than wholesaling.

"This season is the first in which all our production has gone into vegetable boxes. And thanks to the weather it was a near disaster," said Tim. Nevertheless, the Deanes have many satisfied customers in the surrounding villages and in Exeter. There is a waiting list for the service.

This is how the vegetable box system works: each week the Deanes pack a week's supply of vegetables into boxes which they deliver directly to houses in the villages and to drop-off points in Exeter where boxholders help to distribute in return for a concessionary box.

The customers have little choice. If they are regulars - as most are - and do not like a particular vegetable, they tell Tim and Jan; otherwise it is Deane's to decide.

"Basically we pack what is best, freshest and in season," said Jan. "Most of the produce is picked, packed and delivered

heavy rain in May and early June when the nutrients of the soil are at their peak."

The result was that the Deanes were able to produce. They had orders for 180 boxes, but could only supply 100 households. "Forty boxes in the difference between profit and loss," Tim said.

"I fear my overdraft will be higher than we'd prefer by February. This is the first year when we are usually better off, as it is the end of our month delivery season. I just hope we have enough to launch ourselves into the growing season."

Fortunately, Tim has an understanding father-in-law who several years ago took the burden of the mortgage. They pay him interest - but far less than they would pay a bank or building society.

Tim admits that were it not for the generosity of Jan's father - he paid 50% of the original cost of the property and has helped them out when times have been bad - they would have had even more of a struggle to survive.

"He has great faith in us," Tim said. "So does Jan's mother - a Canadian, who has stood well into his 90s. "Over the years our bank manager has also been kind to us. He is a farmer's son, and very pro organic farming. But even the account has been saved by another branch and our own manager has decided to pay us a visit - the first here by any bank manager. Somehow when we see Shackville I think he'll get a surprise."

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**FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER**

## The greatest ever

Continued from page 1

printing, including Ts' Ai Lun who invented paper in China around 105 AD. Yet it is a bit of a stretch to say that the greatest ever was Mohammed. He was anti-idolatry, like Jesus or Buddha. He was anti-idolatry, like Jesus or Buddha. He was anti-idolatry, like Jesus or Buddha.

On music, I think to a slight prejudice. However, I think that the greatest ever was Mohammed. He was anti-idolatry, like Jesus or Buddha. He was anti-idolatry, like Jesus or Buddha. He was anti-idolatry, like Jesus or Buddha.

"The change he imposed on our thinking and the fountain he became for our creativity did not depend on belief in his divinity."

the case of Christ is perhaps excessively Eurocentric. Two important criteria for greatness are that it should stand the test of time and geographical reach. Buddha (563-483 BC) had the advantage of being born earlier, yet is still being worshipped far away from Asia. It is his influence on subsequent religions "and spiri-

tual" that is not properly regarded as religious," wrote AE Lundquist from Oxford, that made him the greatest ever. Mohammed came later (567-632). Yet he was anti-idolatry, like Jesus or Buddha. He was anti-idolatry, like Jesus or Buddha. He was anti-idolatry, like Jesus or Buddha.

teaching is not vastly different from Jesus or Buddha. He was anti-idolatry, like Jesus or Buddha. He was anti-idolatry, like Jesus or Buddha. He was anti-idolatry, like Jesus or Buddha.

the same reason, who says he is his native country, Iraq. He was anti-idolatry, like Jesus or Buddha. He was anti-idolatry, like Jesus or Buddha. He was anti-idolatry, like Jesus or Buddha.

I think Christ and Mohammed on a par: they had much in common, and all times betrayed by over-zealous followers. If Buddha wins, it is by coming first.

There remain the foot soldiers and anti-heroes. The readers nominated Joe Higgs for putting up with it all for so long. David Higgs from Shenfield in Essex chose Murphy, the man who law seem to be responsible for the world yet remains inexplicable: "If anything can go wrong, it will go wrong."

And our winning contributors: David Brown for nominating Murphy, and Mrs Patricia Atkinson of Loughborough for her moving nomination of Elizabeth Fry, the 18th century prison reformer. A third and equal goes to David Drumm for his sense of perspective.

The prizes are magnificently champagne. In the politest possible way some Muslim readers objected to this. But what can we offer that will appeal to all without being unduly extravagant? Next time the Complete Works of Shakespeare.



## PERSPECTIVES

## Poles apart at the border

Matthew Kaminski's rail journey to Vilnius is ended abruptly by frontier guards



Meat selling in Minsk, capital of Belarus: food seems easier to procure than documentation in parts of eastern Europe

The **are** starting to **over** fries **a** **at** MacBurger. It is **in** Bialystok, a north-eastern Polish city.

Just hours ago I was asleep on the overnight from Warsaw to Vilnius. At 3.10am, there was a knock on **compartment** door. I knew the routine. The train passes without stopping through **a** **stretch** of Belarus, before heading into Lithuania.

For some reason the Belarusians, who **before** **their** own state **still** betray little national fealty, **the** **vigilant** at the frontier.

A stone-faced, moustachioed guard curtly demanded passports. I **him** mine, dazed. He flipped through it several times and asked for **a** Belarusian transit visa. I **him** I did not need one because I **a** Polish citizen headed to Vilnius. Silent, he walked away with my documents.

A Polish passport, issued in Washington years after my parents pulled me out of the **grade** **and** emigrated west, has come in handy **the** **empire**, letting me **through** new **cumbersome** borders without visas **bribes**. Until **there** were no problems.

Thirty minutes later he came back. **to** **him**. We quickly walked down at least **dark** train corridors, **always** sov-

eral steps ahead, to a compartment with **border** guards. They wore green uniforms, long overalls and **with** large **the** **border** town: haughty, provincial, important.

The captain, slouching **the** **corner**, took the passport. Immediately, he demanded **(20.20)**, about half the average monthly wage in Belarus. Or **a** boy sitting **to** him confidently added British pounds would be fine, too.

I again insisted I did not need any visa, no less a transit visa for a **a** minute stay. I flashed my Lithuanian **pass** to prove my eastern roots. Nothing.

They got mad. **English** word - rude, insolent, hostile - **aply** describe certain behaviour **tered** in the east. After a few verbal exchanges, **boy**, hair rumpled, stuck the passport in my face, pointing to my official place of residence with obvious hatred: Washington DC, US.

I tried to take the passport but he furiously slapped my hand and threatened to hit **the** **others** laughed. The **captain** said, calmly, that I **would** simply **back**.

The **fight** was **I** told him I **pay** handsomely in Polish zlotys or Lithuanian litas; I only had **Swindling** **a** normal transaction cost here; principles **back**

be left at home. But the captain laughed again. "Funny money," he said, contemptuously blowing air through his fingers.

I lost **the** I had seen **bargain** with **special** (post) Soviet type: people in uniform, from greedy police officers to impertinent **clerks**. Pleading, crying and bribing. Unfortunately I have not yet learned how to **that** well. So I started yelling, a skill finely honed in the east, rolling off all the Russian curse words I knew.

They **me** off the train. The offer for hard currency - **wards** **colata** - **made** again at a Grodno police station, now with 20 Belarusians eyeing me over.

An older man, with three silver **on** his epaulet, eventually brought **the** **the** rail station and shoved **a** on a west-bound train. I asked, several times in broken Russian, **the** **zama**. He only smirked and pushed me ahead. Once on the train - an express from Minsk to Bialystok - he said his **proudly**. "Ruslan Marchenko", and twice declared, I'm **why**. "This is the independent Republic of Belarus".

The wait back **the** border took almost three hours. Polish customs officers now had their turn. Next door, three Georgians had **least** seven bags. The Poles went through

them all and confiscated, after much fuss, 65 bottles of honey-coloured alcohol intended for farmers' markets - **called** **tarys** or **jur-** marks - around Bialystok. The guards even made the Georgians carry the heavy goods off the train.

At daybreak I **thrown** off the second train, right at the border in a place called Kuzmka Bialystoka. The morning drunks, Belarusians and Poles, were gathering at a rag tag station. Again half asleep, I bought a ticket **a** regional train to Sokolka, a small city, via Ciepły-novo-Kundian, an even smaller one.

Sokolka **a** typical small eastern town - a mix of old peasant wooden homes, with chickens scraping in dirt-patch backyards, and concrete apartment blocks. Not exactly out of Kosinski's *Painted Bird* but not exactly modern, either. From there, an hour later, an overflowing bus brought me **Bialystok**, the regional capital.

At the grimy bus station, there **the** Georgian family again, huddling around their bags, the woman crying. Poles, Belarusians, Romanians and gypsies were milling around **well**. Russian is heard more often than Polish.

MacBurger's white walls and tidy red tables are right across the street. A young cashier, in pressed white T-shirt, asked if I'd like something else. Still hungry, I'm now waiting for a pineapple burger.

## The Nature of Things/Clive Cookson

## Maths-based trading brings eldorado closer

Making money out of financial markets purely by applying mathematical principles, without having **know** anything about **shares** **currencies** **commodities** being traded, **a** long-standing dream.

Chartists - or technical analysts, as they prefer to be called - **they** **half** way is eldorado, identifying buying and selling signals **price** charts. But the **back-**ing their claims has been equivocal at best.

Now, however, new-style mathematical operators are emerging. They **powerful** computers, programmed **the** **models** of the way **markets** work, to pick **sub-**tle signs **would** be invisible to **the** **eye** of **the** traditional chartist. And the latest evi-

struck gold.

It is hard to gauge the extent **the** **computer** trading. **its** record so far, **all** **the** active practitioners **highly** **practi-**cise. They think **as** **gets** **about** their **and** more people join in, it will become harder **maintain** **advantage**. **the** pioneers are **to** talk about what they are doing, let alone divulge any details of technique.

But observers believe that **a** **companies**, ranging from large banks to

specialised investment boutiques, **started** such **within** the last year. Their returns (net of transaction costs) are said to be **at** least **a** year **the** **the** overall **in** **they** operate.

**the** secret? Unfortunately, there isn't one - or rather, nothing within the reach of ordinary private investors. There is **a** simple **learn**, no predictive program you can feed into a personal computer **flash** reliable "buy" **"sell"** signals.

Trading requires an immensely complicated

combination of formulae, extracted from relatively new mathematical fields such as non-linear statistics, chaos theory **neural** networking. Its good use of them, **the** need an immense database - filling billions of bytes of computer memory and ideally covering every trade or price movement in your chosen market for the past **years**.

**you** begin live trading, your computer has to analyse **extensively**, finding **patterns** on which it **predictions** of future **And** of **you** must **on-**line

**the** market, so **the** you can execute a deal **the** **computer** tells you **are** right.

Given **the** present state of computer technology and knowledge about market behaviour, **probably** need at **\$100m** to sustain a maths-based trading fund.

Computer-based prediction **rely** on inefficiencies **the** **market** - getting **the** of price-sensitive information before everyone else has. **the** **market** **undistorted** by inefficiency.

Ultimately **the** use of

**the** fact that market traders act in ways **are** inconsistent but, **to** some extent, predictable. In technical terms, their behaviour is non-linear; their reactions are **in** proportion to events.

A very simple example of non-linearity **the** **yourself** receive **a** guaranteed \$3,000 **a** 80 per cent chance of winning \$10,000. Then ask whether you would rather **a** certain \$3,000 **a** 80 per cent risk of losing \$10,000. The **answer** is to take **the** cheque in hand in the first **and** run **the** risk in **the**

second. In other words, people **are** more ready **take** a chance with a loss than with a profit, **when** the **are** identical.

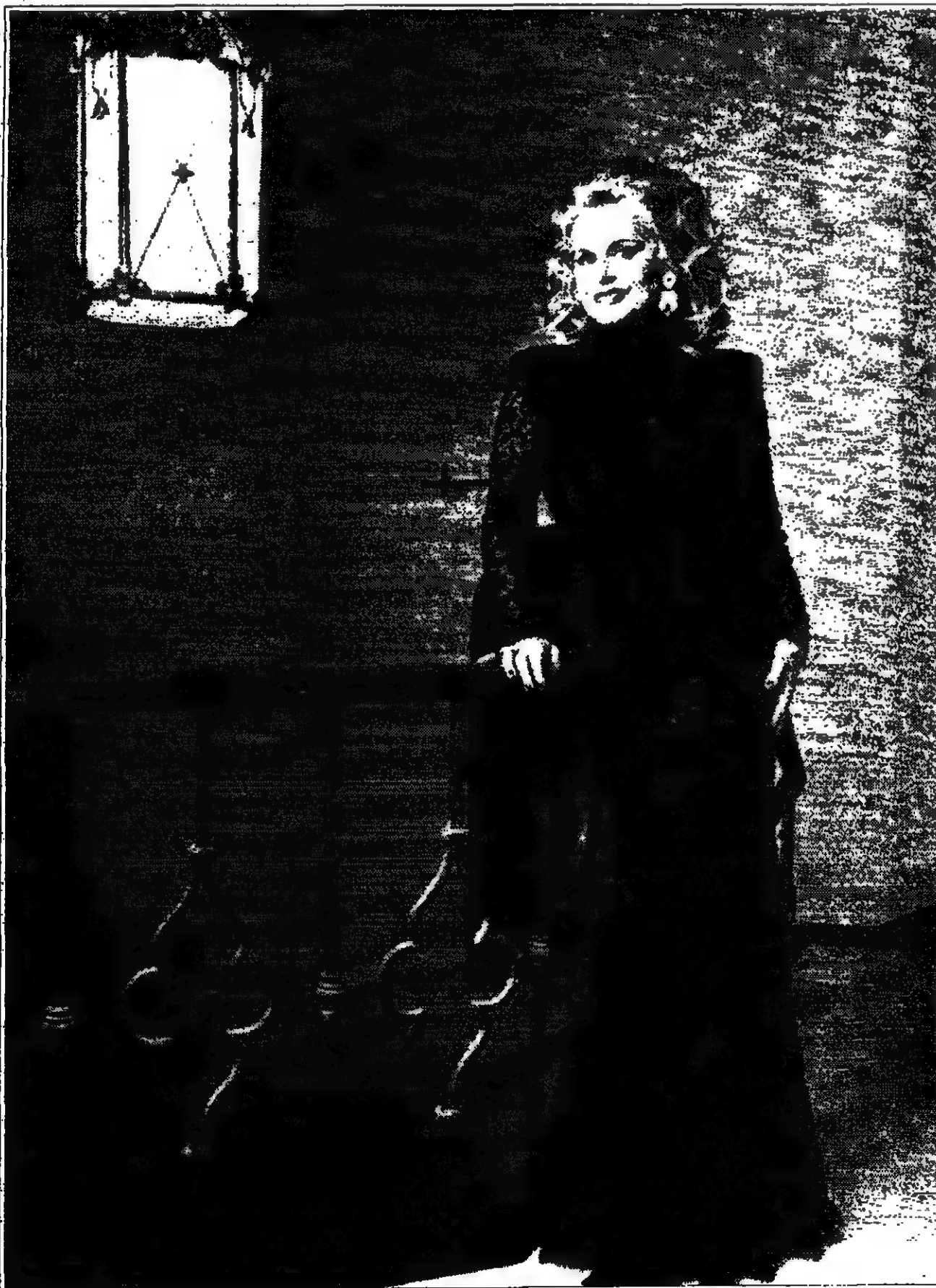
Although **non-linear** systems **the** **complex** **power-**ful computers, financial markets **just** within the bounds of useful predictability. And they seem to be rather more predictable at times of increased volatility, when markets **rocked** by external events. The point is not **fore-**cast the events themselves but their knock-on effects.

The techniques offer **a**

of jargon. The autoregressive conditional heteroskedastic model, **example**, shows how periods of market volatility **clustered**. Time-delayed embedding reveals that market trends last for longer in periods of low volatility.

Maths-based computer trading **likely** **spread** rapidly as word gets around about **the** **technique** has proved itself. Financial institutions will enable small investors **join** in, by launching mathematical mutual funds or unit trusts.

The veins of predictability will become harder **exploit**, as more people try to mine them. Ever more sophisticated **will** be required, running on ever more powerful computers. But now that a mathematical eldorado has been discovered, it is unlikely to disappear completely.



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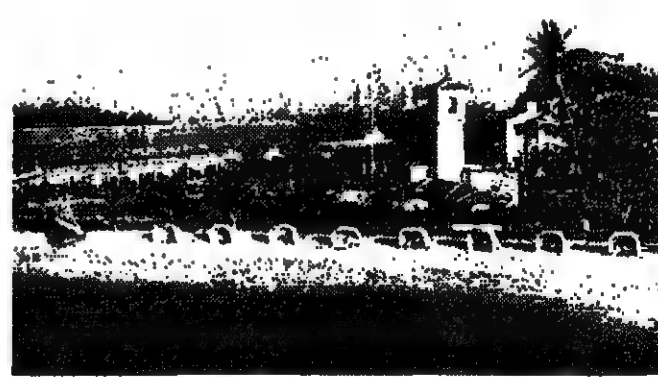
It is a 216-acre sanctuary of lovely homes, beaches and recreational pleasures, providing the finest amenities in a serene, pampered environment.

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Commodore Vanderbilt's *Prize-Blessed of Fisher Island* and *Rome*. A best-selling author, the Commodore's legacy, *MacBurger's Prize-Blessed Inc.*, *commodore's company* *will* *founder*.



the grounds, Vanderbilt erected charming cottages and guest villas amid resplendent gardens and fountains. The mansion and surrounding structures have been restored to their former grandeur as The Fisher Island Club.

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## FOOD AND DRINK

# Bergerac emerges from the shadows

A new generation is influencing one of France's less well-known districts, says Edmund Penning-Rowell

To the outside world, the Bergerac district of south-west France is known for its wines than for the fictional Cyrano, although production began many centuries before he made his name. Most of the wine until about 60 years ago but now they are 70 per cent red, the balance being dry, medium-dry and white.

The grapes are the same as in next-door Gironde. The reds are Cabernet Sauvignon and Merlot, the whites are Sauvignon, Semillon and Muscadelle.

In much of St Emilion, the soil is chalk and clay, producing fairly full-bodied but not very tannic red wines which drink very agreeably after 10 to 15 years. The dry whites are for early consumption, but the sweeter varieties deserve more time than most of the reds.

Although vines dominate the landscape, particularly on the hillside of the Dordogne river valley, the 12,900 hectares that produce wine to 60,000 tonnes a year is only 10 per cent of the huge output. This is part of Bergerac's problem for lying in the shadow of the better-known neighbour, prices and quality have been adversely affected in the struggle for market.

The problem remains, but things are changing thanks to a new generation of proprietors and an influx of young oenologists. Now, nearly half the production is in Bergerac and a fifth is exported.

Another difficulty is a surplus of appellations. There are 11 of them and more are threatened. If Bergerac is to be a prominent name on world markets, then the locally prized sub-districts of Monbazillac, south of the river but further east; and Pécharmant (described by wine writers as "the little Bergerac") on the hillside above the town, mean less to outsiders. Monbazillac has three AOCs for its dry, medium and sweet wines and would like a fourth for its reds, now known as Bergerac rouge - by far the biggest appellation.

Then there is Rosette, the six growers of which make an annual average of only 1,100 tonnes of wine. It is a wine of Pécharmant. In addition, there are superior AOCs for the hillside. The only well-known sub-district is Monbazillac; its splendid chateau dominates a section of the hillside and has its own vineyard.

Improvements are in train for the appellations, which covers 11 hectares. The quality and reputation fall when it adopted machine-picking in 1979, but an official decree last year insisted on hand-picking and at least two or three generations (trigés)

through the vineyard to pick only fully-ripe grapes, plus a minimum natural alcoholic content of 14.5 degrees.

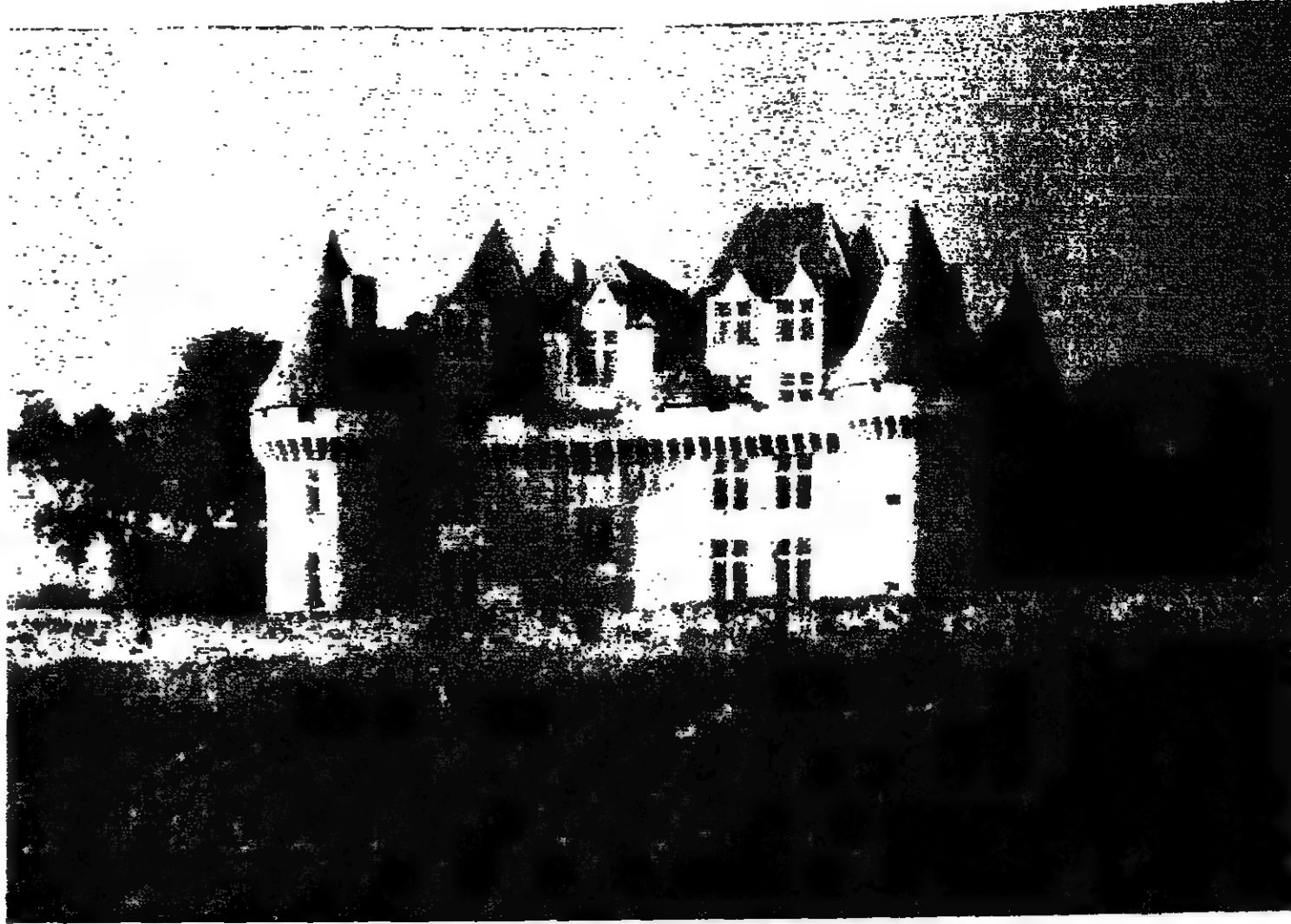
Hand-picking is more expensive than machine picking, however, and output of the delicious, inexpensive wine can be reduced by growers who cannot afford it. Instead, they may pick early and sell as Bergerac Sec.

The many separate appellations are a barrier to promoting Bergerac's products but not a criticism of the wines themselves. Monbazillac is attractive, especially the liquorous ones and so are the Saussignac wines which are rather less luscious than Monbazillacs adjoining them on the hillside. Fermentation and ageing in oak have been increasing in the superior properties in the sub-districts and the Côtes.

A pioneer in introducing Bergerac wine to Britain is Michael Ryan, of the Parisian Ch La Jaurbertie. He used to run a London stationery business, but emigrated with his family to the south-west in 1970. Today, he believes that Bergerac's future lies in white wines, especially the sweet ones.

A more recent English arrival is Richard Doughty who acquired a property near Saussignac and renamed it La Richard in 1988. He makes both reds and whites.

Like many French wine districts, Bergerac is in a state of transition.



The splendid chateau of Monbazillac: improvements are planned for its vineyards

Up to 100 vignerons (1,700 acres) declare a crop, and said to be leaving the Dordogne's top wine-making district each year because they sell in the trade only at a loss. On the other hand, modern techniques are being employed with prices still low.

Among British merchants usually listing Bergerac wines are Berawell & Jones, Ipswich, Berry & Rudd, London SW1; Bibendum, London NW1; Haynes,

Hanson, Clark, London Lay & Wheeler, Colchester, Essex; Oddbins; and the Wine Society, Stevenage, Herts. Prices range from around £1.50-£2.50 a bottle, with Monbazillac and the sweeter wines from £3-10.

## A curious French-English cocktail

Giles MacDonogh has some culinary ups and downs in Jersey

I DID not know quite what to expect from Jersey. I half imagined an island filled with well-dressed Jaguar salesmen with black Brush cars - and thought I spotted a few propping up the bar in the Old Court House Inn in Aubin - but I was put right on this subject by a resident you need around £2.5m to retire to Jersey, and business in Jags is just not that brisk.

With so much wealth about one might expect to see some of the trappings; but in the Jersey rich seem in the stingy state. And there is another thing in the island: the daily delivery of groceries from all over Britain. The man who has to learn about Benidorm and out their holidays in the tightest of budgets. They are spotted in the chipmunk of St Helier wearing multi-coloured shell suits.

Then there are the natives: a curious cocktail of French and English. The English speak with slightly Australian-sounding twang; an accent made famous by Alan Whicker.

The French potato farmers keep themselves to themselves - although they are mixed in the public bars in the north of the island - speaking a clear, up-to-date French, and drinking pints of beer.

In spite of the farmers and the French road names, France does not spring quickly to mind in Jersey, although the coast is only 14 miles away to the west.

This is sad. There is something oppressive about Jersey's holiday resort feeling: the chip shops, the shellfish, the sites of great natural beauty (of which there are many) where the only available refreshment is a Wall's ice cream in a bun. French restaurants have a habit of failing, like the acclaimed Cornier on the north of the island, praised in the Good Food Guide. It was lost to Perigordin chef.

Doran's Courtyard Bistro, in St Helier, is a friendly place, but excessively provincial. The cooking is in what one might call the Jeanette Winterston style: the fill of the dishes had all mated with the best of the island. The decent Jersey Pottery Restaurant in Gorey is a tourist trap, luring holiday-makers in to buy lacustrine pots. Portions here are generous in an American way. I ordered a small portion of scallops but was surprised to find them so small when it came to the lobster salad and was all but lured by the sheer quantity of food. A starter of melon and crab turned out to be two melons filled with the insides of what

Jersey is planning a week-long Good Food Festival from Saturday May 14 to Saturday May 21. And - I know you'll want to book now when you hear this - to coincide with the opening of an orang-utan enclosure at the Jersey Wildlife Preservation Trust. I haven't quite decided why the two have been linked. Monkey business at the island's tourist office?

Jersey is a small island, but it has a large population. It is a curious cocktail of French and English. The English speak with slightly Australian-sounding twang; an accent made famous by Alan Whicker.

of the sweetest I have tasted: refreshed, he says, by freshwater wells which spout far out to sea. There are other things to be had besides potatoes and tomatoes: Ralph Manger makes a clean, sappy wine at the Chateau de Catillon, and if Randall's has stopped brewing beer and over to importing from the mainland, the Ann Street Brewery's Mary Ann pubs serve Old Jersey real ale on hand pump.

There is even a brew pub called the Topsy Food making three beers: Jimmy's Bitter, Aggie Frog and, if you are in luck, Horny Food.

To forget the downside of Jersey you must go to Longueville Manor.

Malcolm Lewis, his Norwegian wife, Hild, and his sister, Sue Duffy, are charming hosts. The Lewises left Lancashire for Jersey three generations ago but there are still reminders - like the slab of plum pudding with the English breakfast.

Longueville Manor is once again the best place to eat in Jersey, if you have money to laundry in one of the island's banks, do not hesitate. The way in experience of Andrew Baird's cooking is the sampler menu at £50 (without wine); a salad of pan-fried foie gras with apples and coleriac; courgette and its flower filled with mince; a ragout of Jersey lobster, scallops and Dublin Bay prawns; the lightest of asparagus consommé; and a pink champagne sorbet. This was followed by a sort of lamb complete with vegetables - I fear too large a portion

for the menu. I gave up cheese - baby vegetables, which I found odd, but I admit I was flaging by then; and a super peach Melba.

I daily to retain an appetite for the petit fours.

The hotel and its kitchen were clearly good enough to attract a big party of French men who were taking their bags just as I was leaving. Some days before there had been a commotion on the island when some French fishermen had occupied the Longueville Manor belonging to Jersey. As I travelled home I was told that the Frenchmen at the hotel might have been the last guard in some future invasion of Jersey. I hope so.

Jersey Pottery Restaurant, Gorey (Tel: 0634-851119) lunch and week-days only.

Royal Bay Oysters (0634-851781).

Catillon wines (0634-851781).

Longueville Manor, Savoy (0634-851781).

don, which results in high transport costs.

Doug le Mesurier, who farms rock oysters at Royal Bay, knows the natural market is France where there is an insatiable demand.

The mainland Britain, the law requires that oysters with ultra-violet rays, a costly process which is rendered of use by the oysters of Jersey's waters.

And the oysters are good:

kenwell Green, BQ1 (071-251-6806), Emile's, Felsham Road, SW15 (081-789-3333), Emile's, 144 Wandsworth Bridge Road, SW6 (071-736-2418), The Actors' Retreat, 336 St John Street, BCI (037-0727), Bella restaurants around London.

OUTSIDE LONDON

The London Hotel, 2 Church Hill, Loughton, Essex (081-508-1187), The Sun Hotel, High Street, Dedham, Essex (0206-225121), The Chequers, Hainford, Norwich (0603-891657), The Anchor, Ipswich Green, Danbury, Essex (0245-223457), The Green, Witham (0371-850733), Bella restaurants in Bath, Birmingham, Brighton, Bristol, Cardiff, Cheltenham, Exeter, Manchester, Nottingham, Oxford and Winchester.

Three corrections to last week's list: The Bothy Cafe, Britannian Inter-Continental (071-629-9400), La Mairie Noir, 24 Eyre Place, Edinburgh (020-20-200), Sloans, 27 Chancery Square, Birmingham (021-456-6897).

Additionally, here is a sample of the restaurants which take the card:

NEW YORK

The Dove, 110 Third Avenue;

Hudson Club, Financial Centre; Mickey Mantle's, Central Park South; Tatum, East 50th Street; The Russian Tea Room, 37th Street.

BOSTON

Daily Catch, Northern Avenue; Barretto on Harbour, Constitution Plaza, Charlestown.

CHICAGO

Paul, 680 N Rush Street; J. Randolph's Bar & Grill, N Michigan Avenue; Margaux, 2442 N Clark Street.

WASHINGTON DC

Dominique's, 1900 Pennsylvania Avenue; Filomena, 1063 Wisconsin Avenue; Occidental Grill, 1475 Pennsylvania Avenue.

SAN FRANCISCO

The Waterfront, Pier 7; The Embarcadero, Square One, Pacific Avenue; Club Jackson Street; Tribeca, Beverly Hills.

MIAMI

Green Cafe, Coconut Beach; Le Cavour, Dunes Hotel; La Cava, 42nd Avenue.

PALM BEACH

L'Europe, Worth Avenue; Mezza Luna, Palm Beach.

## Taking the year's pulse

At this time of the year it is pointless asking restaurateurs for their predictions.

Like jockeys and their mounts at the end of the National Hunt season they are exhausted. Over Christmas and New Year they have packed the equivalent of six weeks trading into three, but still and still into corners normally reserved for cocktails and served too many drinks in those who should know better. Only the fresh air on the way to the bank has kept them going.

To discover what the pulse of the restaurant industry, I turned to Champagne Charlie and Pete, merchants who supply restaurants with daily wine. These two characters, I have come to appreciate, have their finger on the pulse of the restaurant world. I had the same precautions, in dealing with Charlie and Pete, of avoiding straight questions. Both are entirely honest and trustworthy but they are salesmen. An approach would have produced a straight but premeditated response - the last thing I wanted.

My first conversation was with Champagne Charlie, a London wine merchant who has been a lucrative supplier of the restaurant trade. He is a born optimist, a man for whom the glass is never half empty but rather always half full.

At around 2.30pm he can be spotted around London's restaurants sitting at a table lunch with the chef, the restaurant manager and the restaurant's wine buyer. Under the table will be a black, square briefcase which contains wines which, he believes,

are indispensable for any good list.

Bloody difficult for the next two years," was his verdict on the restaurant trade. He said it with a smile, conscious of the pleasure he derives from his job, aware that for as long as restaurants' wallets are being squeezed, his job has had to change. He is no longer waiting, sampling and selling champagne - as he did so pleasantly during the 1980s - but spending more time searching for the good value bottles which can be sold in a restaurant for £12. Of course, he will also be doing the job he dislikes most: monitoring his customers' accounts and making sure they pay on time.

Potato Pete, naturally, knows the market about money but he has never known anything different. He started in the 1970s by buying in the old Covent Garden fruit and vegetable market and selling directly to restaurants from the back of a van. His business grew and, in the mid-1980s, he cleverly merged with a big wholesaler. Now he buys £20m worth of produce a year and has a fleet of vans. But his working day is no more enviable. Up at 6am, at work until midday and then home for a short sleep, some time with the family and the opportunity to sample London's restaurants.

Whatever the future may hold for Potato Pete, he

believes that it is more going to be as good commercially as it was in the mid-1980s. Part of the problem is psychological. Everybody in the restaurant trade is looking forward to the pre-Christmas season when it seems that when it comes it never lives up to expectations.

And there is a very specific reason why the mid-1980s boom is unlikely to return. While all the restaurants in London may be fully booked for the last three weeks of December, real turnover, like the likes of Pete, lies in the hotel dining rooms which lose corporate diners, Christmas parties and New Year celebrations. But corporate restaurants have held closely scrutinising corporate entertainment.

Charlie and Pete do agree on one point that will help them with the year ahead: the future of the restaurant trade is in the hands of the restaurateur.

that whatever the financial outcome, they have never had so much to do. This is not something which will surprise restaurateurs. With unseasonal, long hours and an average return of no more than 10 per cent, this has never been a bed of roses for the trade.

However, the situation is unlikely to ease. Those restaurants adept enough to survive the winter will still struggle to survive the bookings in the quickly enough. Their competitors, in the hotel trade, will be less appetising with less appetising wages.

Yet the prospects for restaurant-goers are good. Competition, a low inflation rate and increased demand will stop prices rising. And, as restaurateurs realise the importance of marketing, we should all benefit.

Alastair Little, a New Yorker trying to make his job as head chef in the Grosvenor House, in central London, puts it succinctly: "The future is good. The problem is it is only good 40 weeks a year. We have got to make it 52."

Nicholas Lander

### Appetisers

Bagatelle in south London took the most magnificent pâtissier-traiter in London. It serves wonderful French-style cakes as well as the usual prepared dishes available from similarly grand establishments in Paris and the French provinces. This year Bagatelle has added the traditional northern French galette des rois to its menu.

The galette des rois is a small, round cake which existed in this country in the 18th century (see the Financial Times but they have disappeared.

They should be eaten as close as possible to the Feast of Epiphany (January 6) but they are still available.

Inside the cake there is a small, round object. The person who gets it is the "king" of the day. He is careful of your teeth.

The galettes are available at Bagatelle.

four years and go to £25.50 for 10. Bagatelle is also offering the traditional Provencal brioche filled with a rum and orange blossom cream.

Bagatelle: 4 Harrington Road, London SW7. Tel: 071-581-1551. Orders 081-453-1340.

Giles MacDonogh

Alastair Little, one of Britain's most talented chefs, will run his own cookery school in Italy for four months this year. Little, who has taught occasionally at La Cacciata, in Orvieto, north of Rome, will run the school completely for the 1994 summer holidays in La Cacciata. The fee is £750 per week. The tuition, accommodation, full board and wine. It excludes flights. Ring Sarah Little (071-243-8043) or write to Dawson Place, London W2 4TH.

which newspaper I read regularly

Weekday Saturday

## FINANCIAL TIMES

SPECIAL OFFER

### FT/Transmedia restaurant promotion

The FT/Transmedia restaurant promotion is off to a flying start with thousands of cards already sent out. Special thanks to the 100 readers who managed to get their application forms delivered in us on Monday, writes Nicholas Lander.

To answer several readers' queries: the 25 per cent saving on food and drink, which ownership of the Transmedia card confers, is a constant benefit that can be used in the UK and the US. The added benefit to FT readers is the six-month free membership. Nearly 500 restaurants now accept the card. The following have just joined:

LONDON

Victoria Road, High Street Kensington, W1. Tel: 037-7076. L'Altro, 210 Kensington Park Road, W11 (071-732 1111). L'Artiste, 111 Kensington Park Road, W11 (071-727-4714). Belfort, 18 Church Street, W1 (020-5511 Goya, 14 Lupus Street, SW1 (076-6309). The Halcyon Hotel, 129 Weymouth Park Avenue, W11 (071-221-5411). French's, 227 Regent Street, W1 (071-631-7318). Café Pierre, Restaurant and Brasserie, 11 Cler-

kenwell Green, BQ1 (071-251-6806), Emile's, Felsham Road, SW15 (081-789-3333), Emile's, 144 Wandsworth Bridge Road, SW6 (071-736-2418), The Actors' Retreat, 336 St John Street, BCI (037-0727), Bella restaurants around London.

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Inside the cake there is a small, round object. The person who gets it is the "king" of the day. He is careful of your teeth.

The galettes are available at Bagatelle.

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Weekday Saturday



# The infiltration of the designer suit

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**Photographer: Tim Jenkins**

Wool jacket, £580; matching trousers, £290; cotton striped shirt, £290; silk tie from a selection for belt. R18. All from Comme des Garçons. 68 Brook Street, London W1.

Wool and cashmere double-breasted chalk stripe suit, £580; cotton cornflower-blue shirt, £110 silk tie from a selection; suede belt, £75. All from Romeo Gigli, 62 South Molton Street, London W1

Wool suit, striped cotton shirt with detachable collar, £85; silk tie, £39.50. All by Katharine Hamnett, 20 Sicene Street, London SW 1; 38 Princes Square, Glasgow; and other stockists.

Spaghetti-strapped lace-trimmed clover knit Opera top from Darnell. \$8.89

C&A produced some excellent thermal ~~in~~ the winter, combining practicality with glamour ~~and~~ at great prices. It still has ~~quite~~ a good ~~selection~~ in most of its stores. It, too, has homed in on glamour with lots of lace trim and scalloped edging and ~~and~~ fabrics so ~~that~~ ~~now~~ in particular ~~are~~ the double-duty ~~as~~ outerwear.

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## SPORT

## Tennis

## Sampras serves notice

The world number one was unusually outspoken. "I have come here to win the Australian Open. I will be satisfied with nothing less," said Pete Sampras.

Open. I will be satisfied with nothing less," said Pete Sampras. "I have come here to win the Australian Open. I will be satisfied with nothing less," said Pete Sampras.

Sampras and Graf were the main titles at Flinders Park. Yesterday's draw threw Sampras and Lendl together again. If they both survive, they should and only Lendl would have sets at the age of 33 in the intense heat makes the match a must-see.

Sampras, too, found form. There was a scare on day three when, leading 6-1, 4-0 against Jason Stoltenberg, he found himself in a service rut, down in the final set. Against Aaron Krickstein on Thursday and Petr Korda yesterday, Sampras showed every inch of the world's best.

He was keen to beat Korda to

gain momentum for a particularly painful loss in the left-handed Czech in the tournament of the Compaq Grand Slam Cup. In that gruelling 4½-hour semi-final, one of the most dramatic matches I have seen, Sampras was tottering about like a punch drunk and Lendl was writhing on the court with cramp. Sampras failed to convert any of the five match points he held and eventually surrendered 13-11 in the final set, totally spent and physically sick.

That was the end of a wonderful year in which the American won eight tour-

prompted Sampras to play for a wild card into the Sydney draw. Even the plans of voice and millionaires must be modified.

Jim Courier, who has won the Australian Open for two years, has dropped to No 3 in the rankings and has been drawn in the same half as Sampras. If the two do meet in the semi-finals, expect a battle royal. Courier is convinced that he would have won their 1992 final against a fading Sampras if only he had captured the fourth.

The new No 2, Stich, has Korda then Edberg in his

here last year. by Seles 4-6 6-2. Sampras of the great contests of 1993.

When these will next is a matter of conjecture. Seles, the perfectionist, has been training and practising hard but will pick her moment to return with a win. The latest communiqué suggests that she might decide to return next month, probably in the US.

Although 27 of the top 30 players are here, with Seles, Martina Navratilova and Jennifer Capriati absent the draw looks thin. It is worrying that there are so few players capable of challenging the leaders. With Graf in the top half is fellow German Anke Huber, who gave Sampras a hard match here two years ago. Her coach Boris Becker, the man who Becker's original coach told me she is capable of beating Graf. Whether or not that is wishful thinking may soon discover.

In the lower half the effervescent Spaniard, Arantxa Sanchez-Vicario is seeded No 2 for the first time. She may have a tough quarter-final against Manuela Maleeva-Fragniere who retires from the circuit after this championship and wants to go out with a bang. If Sanchez survives she may face Gabriela Sabatini in the semi-finals. The Argentinean has reappointed her original coach, Carlos Kirmayr of Brazil. I do not envy him the task of revitalising a player who has not won a tournament since the Italian Open and whose serve is getting rather better.

Elsewhere the talent cupboard seems to be bare. No, if Graf is not to win it then I cannot suggest who might. Please hurry back Monica, please.

**The Australian open starts on Monday. John Barrett sees the men's world No 1 full of confidence on and off the court**

including a first Wimbledon and a second US Open. Sampras was already sure of his No 1 ranking when he lost to Lendl only in a final - to the German hero, Michael Stich of the IBM/ATP Tour Championship.

Sampras had intended to defend his title in Sydney but he felt last year that he had played too many matches by the time he had to Stefan Edberg in the semi-final of the Australian Open.

But a final round last week in Doha, the little known Moroccan, Karim Alami, a player ranked below 200, caused him to change his mind. The manner of that loss was worrying. Sampras led by a service break in the final set, "choking on his lead", according to a reliable witness. This rude shock

path. Edberg came back from a 2-1 deficit in Doha and went to have a service rhythm in the final. If he has, then he may be the man to watch. In their 1992 ATP Cup semi-final Edberg recaptured his form, but he was not the question?

The women's title was won by Graf. The stabbing of Monica in April was the only player capable of beating Graf regularly. In her absence Graf duly annexed the 1993 grand slam title. It is to bring her back to 14.

The prize has been reduced of a rivalry that promised to equal those other historic rivalries - Williams vs Jacobs, Brough vs Connolly, Court vs King, Evert vs Navratilova - that have been central to the game's evolution. Their final



Searching for the old rhythm: Gabriela Sabatini needs to rediscover her form if she is to challenge Graf in Melbourne

## Rugby Union: The Five Nations

## Championship on the line

**Derek Wyatt looks at the key tactical battles in today's international at Cardiff**

The Five Nations Championship opens this afternoon with France (the champions) playing rejuvenated Ireland, and Wales (the leaders of the wooden spoon) entertaining Scotland in Cardiff. These games will provide an early indication of how much the coaches have learnt from last season's experience with the new laws.

This is the second year since the changes. Two changes have proved particularly significant. The first is that if a penalty is kicked into touch, the referee is awarded the throw-in. As the number of penalties has grown, this has put a premium both on the line kicker, who cannot afford to miss touch, and the line-out. Win the line-out and you win the match.

The second-row forwards must be better line-out performers than scrummers. The hooker must throw in better than he can hook. It does not matter how the French have shown who throws in, as long as they throw accurately.

Throwing has changed too. The two hookers in Cardiff today, Garin Jenkins and Milne, will be the ball behind them (and therefore out of their line of sight). Darts players throw from in front of their line and it makes sense for hookers to follow suit, as does Sean Fitzpatrick, the Welsh captain.

The French won the first Test against Australia in October but this time

flukes because they lost the line-outs. If the Welsh second row pairing of Phil Davies and Gareth Llewellyn out-play the French cap, Milne and the old stager, Neil Edwards, they should do, then Wales should win.

From the line-out the object is to get the imaginary gain-line as close to the forwards as possible. This has meant that all three back-row players and the scrum-half try to battle their way through the first line of defence. Expect endless variations on this theme from the Scottish trio of Derek Turnbull, Wainwright and Iain Morris.

The key is to make sure the ball comes back on your side. When their backs win this position, the fly-halves, Gareth Jenkins and Craig Chalmers will hoof the ball up in the air - the "bomb" in rugby league, the prosaic Garryowen in union. When the ball comes down a defender will catch it surrounded by the opposition who will make sure the ensuing maul or ruck is inconclusive. Their team wins the put-in at the scrum. This change in the laws has altered the very nature of the game.

Wales have players of individual brilliance who win matches on their own. Quinell, Rupert Moon and Neil Jenkins at number eight, scrum-half and fly-half respectively have to hold the line together. Jenkins is having a fine season. He level but struggled in his 17 internationals



Key players: Scott Quinnell supported by Gareth Llewellyn

(much as Andrew did during the 20 caps). Wales badly need a fly-half. I hope it is the day.

The only certainty about Scotland is that they will turn up for the game. They will be experienced early on in the line-out by shortening the ball and must be able to put the ball from deep positions. Too often they have

waited until the last quarter of the match before gambling and too often they have depended on Gavin Hastings' place kicking abilities.

Wales and Scotland fear failure and will keep their tactics simple. Both teams will be for yardage again and again. Wales must win. Scotland cannot afford to lose.

## Skiing / Arnie Wilson

## Anything goes on Tahoe's slippery slopes

Devil on Angel - old pot-boller - playing on the radio. Chevy rolled into South Lake Tahoe... Las Vegas on the South. The great might of the written specially to describe this tinsel snow-covered California Nevada.

This is where the good, the bad, the ugly, the magnificent, the seedy, the spectacular and the kitsch finally meet in the extraordinary, vibrant melting pot.

How long the drive has been - in our case 10 hours - or how long you might be, as you through the glare, the flashing neon lights that illuminate the late-night gambling. All thoughts of smuggling a king bed suddenly evaporate.

The Nevada side of Lake Tahoe, you can gamble 24 hours a day, is not designed for sleep. If it were not for the cold shock of a million artificial crystals blasting

you in the face from the area's biggest snow-making systems, you might never wake up properly on the mountain, which would be regrettable since you would be breathing views from the only across this huge cobalt lake.

This year, as it marks its 40th birthday, Heavenly Valley, as it was originally called, 19th century settlers found "heavenly relief" from the valley heat, has finally dropped the "valley" and is now plain Heavenly.

What is unique about the mountain, apart from the quite extraordinary views of Lake Tahoe and the Nevada desert on the other, is that you actually ski in both.

Most people start the day at the Californian-based lodge on the tram from there to the bottom of the recently installed Sky Express high-speed quad which whips you to the top of Heavenly Peak in less than 10 minutes.

From there you can either glide back down on any number of blue cruising trails - pausing, as you are bound to, in order to catch on the shimmering lake - or via the likes of the Dipper, Comet and Stagecoach, the naughty Nevada where gambling, prostitution and just about anything else

swashbuckling back country area for experts.

There is nothing like Lake Tahoe anywhere else in the American West. The lake is magnificently beautiful; the huge gambling areas, nightly cabaret spots and neon lit casinos are magnificently gaudy.

It is almost a relief to escape to

**The lake is magnificently beautiful. The huge gambling areas, nightly cabaret spots and neon lit razzmatazz are magnificently gaudy**

goes. Most of the mountains in the area are cruising, although in good snow years (so far this is not one, but last year was superb) there is an abundance of excellent powder skiing among the peaks.

Mott and Whittaker Canyons on the Nevada side, with runs such as Soake Pit and Ramarrah's, provide

Squaw Valley where the lake is on the hills and the valley (though still within the volume and the lights of everyday living have been discreetly turned down.

At Squaw, the venue for the 1960 Winter Olympics, you have six mountains to choose from, including some of the toughest terrain in Tahoe. Beginners love it here

because, unusually, the nursery slopes are perched high on Emigrant Peak which means they can ride the tram and even ski all the way down at the end of the day if they have enough skill to gumption.

Squaw, for years without much in the way of local lodging, now has an excellent base camp where all are pampered in luxurious surroundings without a flashing neon sign to be seen.

With good reason, Squaw and Heavenly are the best known of the Tahoe resorts. It is a wealth of other ski areas - all of which are linked with its neighbour, Mt. Rose.

With good reason, Squaw and Heavenly are the best known of the Tahoe resorts. It is a wealth of other ski areas - all of which are linked with its neighbour, Mt. Rose. They have a good mix of challenging gradients and exhilarating tree skiing that should bring a

smile to the skiers' faces. Diamond Peak at Incline Village is good family skiing and views of Lake Tahoe that rival those from Heavenly.

Heavenly's first skier was a post-war called John "Snowshoe" Thompson. Snowshoe's 99-mile mail route carried him from Hangtown (now Placerville) in California's gold country, over Monument Peak Pass, down the Nevada slopes of Heavenly to Genoa, Nevada's first settlement.

As the local tourist office points out, "Lucky Snowshoe" have gotten some unbelievable first tracks!

Arnie Wilson's visit to Lake Tahoe was arranged by Virgin Holidays, Sussex House, High Street, Crawley, West Sussex, RH10 1BZ. Tel: 0293-617181. He stayed at the Horizon Casino, Lake Tahoe, Calif.

This article was written before Arnie was off on the Round the World Ski Expedition.

## Rugby Union: Television Contract

## A change in view

English rugby's governing body, the Rugby Football Union, has decided that it will not go it alone in the current television negotiations for the Five Nations championship. The RFU's executive committee met yesterday afternoon and decided to present a united front with its counterparts from Ireland, Wales and Scotland.

Rugby's television contract from September 1, 1994 is for sale and the rugby is a sport of political intrigue, the debate about who will win has caused much commotion and emotion on the field. War broke out on the four home unions television sub-committee when the BBC suggested that the traditional equal split of everything

The problem is that the French Federation de Rugby already has its deal for the Five Nations and for years received more than any of the four home unions. The RFU was tempted to follow the French example.

At least yesterday's meeting there will be an equal split of the television rights of the Five Nations Championship. "We're still thinking of a three-year deal," said Dudley Wood, the RFU secretary, "but we wouldn't rule out a five-year option if the money was right."

When the Five Nations Championship television contract was last put to ten-

der, three years there were bidders: ITV and BBC. ITV was confident that having secured the 1994 Rugby World Cup it would win the Five Nations as well. It did not. The BBC bid £10m which the four home unions split equally. But it was not quite that equal. Sport is not taxed in the Irish Republic, so the Irish RFU's £2.5m is tax free. Wales' share was augmented by a £1m contract with BBC Wales for club rugby.

**Derek Wyatt looks at the battle over television money**

The Four home unions have large amounts of cash. The English, Scots and Irish are rebuilding their stadia. All are following England's lead in expanding their infrastructure.

If a broadcaster came along with a five-year offer, the four home unions would be compelled to take it. There is also signs that the RFU's loyalty to the BBC may be waning. "We will have to go to the highest bidder," said Wood. "We have the Twickenham West Stand to rebuild."

For the first time, Sky Sports will be a contender. Sky follows Rupert Murdoch's philosophy of using big sports to build viewing figures. Murdoch's Fox Network in the

just paid \$1.8bn (£1.1bn) for the box office draw of the London Division against the All Blacks, and the Varsity Match established a record for a rugby game. Wales could not sell out its fixture against Canada; Ireland failed to fill Lansdowne Road for a game against Romania.

In order to attract the high price the home unions will have to make their fixture schedule more attractive. They

introduce a season-opening fixture, for example a President's XV v a World XV (with the gate going to a rugby charity); an annual game between the two teams; and turned down by Twickenham. The Twickenham game could be moved to the beginning of all tours and make way for a Lions match at the end. The Five Nations matches could be played on both Saturdays and Sundays and moved nearer to the end of the season to allow club provincial rugby to breathe.

The four home unions sub-committee has been slow to understand the changes in the media since the last television contract was negotiated. It simply cannot afford to get it wrong this time.

## FT Round the World Ski Expedition

Arnie Wilson's trip around the world, on which he aims to ski every day in 1994 and notch up 5,000 miles on the slopes, is proving such a high in North America that he and his companion Lucy Dicker, are struggling to find time to ski.

He reports: "When we reached Pebble Creek, near Pocatello in Idaho, three TV crews were waiting for us. In the gathering dusk they were torn between interviewing us and filming us skiing. There was just enough light for us to run a steep mile of scratchy moguls and my fall at the end was gleefully captured on camera."

"That night, the potato state was treated to TV pictures of Wilson on the deck..."

There is still time to win a skiing holiday for two in Zermatt - runner-up prizes in champagne by entering the competition which appeared in Weekend FT on January 1 (copies available from the FT shop, tel: 017-873 3324).



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# 1994

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كتابي



## TRAVEL

## The wild west lives in Australia's centre

IT WAS chilly and raining when the Ghan pulled into Alice Springs, in the middle of Australia. Beside the railway tracks, in the empty, wine-bottle-strewn bed of the Todd river, where they camp, ragged and barefoot Aborigines hugged themselves for warmth.

In town, tunnels of water made dirty red maps on the sides of dust-coated cars. Outside the pubs, dogs crouched bedraggled and patient in the back of pick-up trucks. Alice seemed a sodden sort of place. This was not the outback I had imagined.

Perhaps I had been too much influenced by the train brochures I had read. The Ghan, I learned, was named for the Afghan who had been brought in last century to open up the 1,100km transport route across the outback from Adelaide, on the southern coast of the continent, to Alice in its red centre. The train follows the same route.

Why Afghan camels? Because tough, wily, desert Afghans were best equipped to survive travel in this vast and inhospitable area. Who better than men of the desert to cope with endless spaces of rock and sand and sparse bush, with blinding sun and brain-addling heat?

Not only were they tough but, Moslems, they were the only men in the country who did not drink like fish; they alone could be trusted to bring liquor supplies through to the stockmen and miners, the traders and homesteaders in the thirsty bars of the interior.

The frontier atmosphere, the isolation, the harshness of the land and the thick-skinned durability of the people who live there, appealed to me. In the sprawling cities and suburbs of the south I had seen the way 90 per cent of Australians live.

The suggestions of beer commercials to the contrary, few Aussies today have to cope with giant spiders in backyard dunnies. The place where man heroically confronts nature, once central to the character of every Australian, now lies far to the north in the remote heart of the continent.

A few days spent camping and riding there would, I thought, provide an antidote to urban life. Heat and dryness I had anticipated; no one had mentioned the danger of floods or freezing to death. But then, it seems, the outback is a place that breeds all kinds of extremes.

No one was complaining about the weather at the Ross River Homestead, a simple but comfortable outback, resort an hour's drive from Alice along the edge of the rocky MacDonnell range. For the last three years the vast cattle stations that make up the region have suffered severe drought. The hardest of grasses died off, dams and tanks dried up, and cattle had to be trucked south to richer grazing lands.

None of this was apparent from the guest bungalows sitting below the sharp



ridge of iron-red rock that faces the town. Beyond a paddock shared by a flock of squawking, pink-crested galahs and half-a-dozen slowly ruminating camels, the bush was a fresh green. Young leaves were swelling and the ground was wet and glistening. It was weeks since it had begun raining, the bush had been transformed.

Without a searing sun and at least a small breeze or two, a camel-ride seemed somehow inappropriate. Instead, the chilly weather was bracing and energetic, outback horseback. Early in the morning I was sitting on a horse, a chestnut gelding, and setting off for the hills in the company of lean, mean, cowboy-hatted John Brack.

With the Ross River in the background, the man who might have wandered in off a Crocodile Dundee set it seemed to me. There were many riders of the land who might have accompanied me on my ride. Ian, a blue-eyed, red-haired look-alike who, in desperate fashion, sloped around the homestead in a coat and an ankle-length oil-skin coat; Grub, an energetic young

ringer, a cowboy, whose work around camp-fires and horse paddocks was permanently dirt-caked to his toe; Froggie, a beer-bellied, ear-ringed ex-miner whose tattooed biceps and forearms danced with the sun; and one of the strong personalities in the area, all shaped by the bush. In the end, though, John Brack proved a fine

example of the outback man. He was 40 stitches and a metal plate holding it together. His grin was permanent today, and the front teeth remaining were far between.

No one how kicked around by outback life, Brack, the most local, professes a profound dislike for the city. He stands its ways and what he sees as its hypocrisy. He hates yuppies, he says, and cannot understand foreigners. There is not enough room in the city to feel free, he will tell you; and John Brack needs plenty of room.

He talks bluntly. He will give you his last cent if you ask it, but if you transgress, he will do rough justice. You are likely to wind up with a fist in your face. Today, with no family responsibilities, he moves from job to job, drinks and smokes heroically, and refuses to respect any kind of authority. He may not be a

typical outbacker, but this is a place where outsiders, rebels, misfits, black sheep and eccentrics have always thrived.

Heat, boredom, isolation, aboriginal/white racial grievances, a shortage of women, an extremely high level of alcoholic consumption - all contribute to a frontier mentality that is all too common on Australia's periphery.

One figure sums it all: in the Northern Territory, the murder rate is 14 times higher than the national average. The wild west lives in the Australian centre.

But life in the outback is not all drifting, drinking bawling and bravado. It is sheer work, the forcing of a living from an ungrateful environment. Having ridden miles through the morning with John Brack, I found myself on the edge of the Love's Creek cattle station talking to its hard-working general, Aboriginal Henry Blomfield.

At 1.5m, Love's Creek is only a moderately-sized station (Anna Creek station, 100 acres). It is a

less, just keeping an eye on the 6,000 head of cattle that graze the range here is a full-time job. When I met him, Blomfield was especially busy: he was halfway through the annual muster, the round-up of the 1,300 cattle must sell each year to keep the station profitable.

Blomfield remembers days as a child. Love's Creek when cattle were mustered solely by stockmen on horseback. Today men still ride horses in the rough terrain, but four-wheel-drive trucks, off-road motorbikes, and a helicopter. The hours, none the less, remain long and the work tiring.

Would he or his men care for an easier job in the city? I asked Blomfield over a lunch-time meal of Love's Creek beef brisket and ten stewed in a billy tin over a fire. Never, he replied. As far as he was concerned the outback life is the only life. Certainly not the money that attracts the stockmen, the white and Aboriginal, to the cattle stations; they generally earn much in a week. Blomfield's helicopter pilot in an hour.

He did stay to watch John Brack mustering of his own to do. By late afternoon back at the homestead and collecting half-a-dozen Ross River guests for an overnight ride and camping trip.

The weather changed as we rode out. Before sunset, the sky had turned a startlingly clear, dustless blue, and luminous sunshine was glowing on every bush and ghost gum tree and ancient ochre rock in the valley. Unconcerned, kangaroos hopped and browsed just yards from our single file of horses. By the time we arrived at the campsite, an open, grassy spot at the base of a dramatic rockface, Grub was a fire going. Froggie was cooking dinner, and the men were out.

After dinner, around the fire, Grub described how he had been stuck in a mud wallow for three days. Froggie told us it was all right to punch a hole as long as she punched you first. John Brack admitted that he cleared a Darwin pub by passing through it with a live chain saw, slicing off the legs of the stools as he went. The stories continued. Of bull hunters and of bull catchers, crazed opal miners and drunken helicopter musters. Just occasionally I glanced up at the night sky to see the Southern Cross wheeling overhead.

Information about holidays in the outback can be had from Ross River Homestead, PO Box 327, Alice Springs, Northern Territory 0871, Australia. Tel: (0891) 569711, fax: (0891) 569823.

The best guide to holidays Down Under is the Australian Tourist Commission's 1994 guide, available free in the UK by calling 0800 000 000 with details of visa requirements, where to go and stay, what to see and pack, special interest tours.

### Nicholas Woodsworth rides with lean and mean John Brack, a fine example of Outback Man

example of the outback man. He was 40 stitches and a metal plate holding it together. His grin was permanent today, and the front teeth remaining were far between. No one how kicked around by outback life, Brack, the most local, professes a profound dislike for the city. He stands its ways and what he sees as its hypocrisy. He hates yuppies, he says, and cannot understand foreigners. There is not enough room in the city to feel free, he will tell you; and John Brack needs plenty of room.

He talks bluntly. He will give you his last cent if you ask it, but if you transgress, he will do rough justice. You are likely to wind up with a fist in your face. Today, with no family responsibilities, he moves from job to job, drinks and smokes heroically, and refuses to respect any kind of authority. He may not be a

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## OUTDOORS

## Motoring

## Take the rough with the tough

Stuart Marshall on how to take snow and floods in your stride

The first spell of severe winter weather concentrates the mind about four-wheel drives. People who already have one congratulate themselves on their foresight.

And others who find themselves on a snowy hill or in a foot of floodwater think perhaps they really ought to have next time.

I have an on-off road 4x4 on the turn of the year because if my part of Kent is going to have a hard winter, it is usually when it starts.

The market in these vehicles is expanding and the variety on offer is bewildering. This time, I have a Jeep Cherokee Sport in the state of staying put during Christmas and new year break.

Funnily enough, I still have any winter, apart from a sprinkling in November, the Jeep's four-wheel drive traction was not needed. The high clearance came in useful when the snow was falling. The Jeep could wade through water much deeper than a normal car could cope with a great confidence builder.

Outwardly, the Cherokee Sport looks like the Cherokee Limited instead of a four-litre in-line six-cylinder engine and automatic transmission. It has a 2.6-litre four-cylinder and five-speed manual gearbox.

Both Cherokee Limited and Sport are four-door vehicles which four

adults comfortably on soft upholstery. A pair of alloy wheels can travel in style behind, although the large, internally-stowed spare wheel cuts into the luggage space. Like the Cherokee Limited (from £18,995), the £15,995 Sport is exceptionally good value. Power steering, electric windows and outside mirrors, plus remotely-controlled door locking are standard.

It is one of the car-like on-off road 4x4s to drive, with a light - if long throw - clutch pedal and a gearbox as easy to use as a family hatchback's. The transmission is selectable; only the 4x4 mode is driven unless extra traction is needed when four-wheel drive can be switched in high or low range.

By on-off road vehicle standards it rides well, is effortless to park and runs quietly.

Although the Sport is geared much lower than the 4-litre Cherokee Limited, one has to shift fairly frequently to maintain a steady speed. The Cherokee's styling is so restrained it is unlikely to frighten

thoroughbred horses and I felt it would sit happily among the Range Rovers and Fortnums of the smart outdoor set. One could not say the same of Toyota's showy on-off roader, the 4Runner, which looks more at home pulling a flash looking powerboat than a couple of hunters.



The 4Runner, which has been a best-seller in Europe for years, is based on a pick-up truck. It is a Vauxhall (Opel) Frontera but whereas the Frontera is cheap (from £13,445 for a 2-litre petrol-engined 3-door Sport) the 4Runner is anything but. At £22,282 for the three-litre petrol V6 (£23,211 for a three-litre, four-cylinder turbo-diesel) it is priced closer to the Mitsubishi Shogun and well above the class-leading Land Rover Discovery. Toyota says by way of explanation that the 4Runner is aimed up

market of Frontera. On and off road, it is well - the diesel in particular because its low-speed pulling power allows it to be driven almost as a one-gear car. But the interior trim is unexciting and maximising load space has made the rear quite cramped.

Volkswagen's Caravelle Syncro looks like a van because that is what it is: a converted van with windows and up to eight seats. But forget the looks. It drives like a car, rides beautifully, is massively roomy and has permanently

engaged all-wheel drive.

Though a proper on-off road vehicle, it can tackle muddy paddocks and rutted farm roads and would be an ideal family ski-holiday transport. The £22,938, 2.5-litre, 5-cylinder version I drove was a quiet and comfortable motorway cruiser. Being box shaped, it was more parkable than it looked and the high driving position was appreciated in town traffic.

I was the Land Rover Discovery automatic diesel I am using now the best of the kind. The 2.5-litre direct

injection engine has class-leading economy. It fires up instantly in a sub-zero morning without the help of pre-heater glow plugs. It is growly when accelerating, quiet when it gets into top and the automatic transmission's shift quality is as good as you get in a luxury

The seven-seat Discovery is just made for a country family needing a roomy school bus-cum-shopping during the week and something to carry a shooting party's guns and Gundogs at the week-

end. It could not be easier to drive and, if used sensibly, has an average road life with two pedal control of around 27mpg (10.46 l/100km).

Automatic transmission, with a £1,150 to the price, would be worth every penny to many a Discovery owner who uses it as a daily on-road, mainly urban or suburban runabout. But, being a Land Rover, it still has more off-road capability than almost any car could ask for, let alone really need.

Those of us with rivers at the bottom of the garden have gardens at the bottom of the river. I am treating them as a landscape, atmospheric and a previous which gardeners, investors, are unable to reproach. From January to January, all had a marvellous winter never really froze; once again, the witch are stupendous, the young still has a brown plaint which is undiagnosed; rains may be tiresome, but I am living memories of a marvellous

The first half-year of English Gardens plc turned in results which weather could have predicted. My highlights were endless, from January to June. Winter daphnes took a new turn for me with the discovery that Daphne Bholua Jacqueline Postill will grow and flower madly for all of even on time, if give it a south wall.

In late spring, another arrival, the Corydalis flexilis has itself as a gardener's dream in the various forms which emerged less than 10 years from China: the prices are now coming down and this long-flowering plant for slight shade is within reach of all of us in the

Among older favourites, magnolias and camellias were marvellous and Indigo, the darkest forget-me-not, reminded me that it is better, though smaller, than all the others. In April, the sight of the blue Echium, the webbed, in Trecco Garden reminded me that it is the tall, tender forms for frost-free expatriates in the Mediterranean.

In May, I made a note to buy the white-flowered Staphylea trifolia. Its showy flowers and easy disposition seem to be ignored by keen gardeners. The spring



Schizostylis Coccinea Major: quietly loving every sodden minute of it

Gardening / Robin Lane Fox

## Living on memories

It remained extremely dry, and suddenly we were plunged into an unseasonable heaven.

In early June we had the display of a lifetime which was an English June and July into one and will live in the memory of anyone who had brought their garden-visiting forwards by three weeks. We had pink old-fashioned roses among the salvias of mid-July and the paeonies of early June. Careful colour-planning was marvelously by the board and all overtook by nature's decision

It all showed once. The half-year with a climax of old roses better than ever because they flowered so profusely and were undamaged by rain while their best. As usual, I gave the highest mark to the silver pink Fantin Latour, the essential variety for any garden, although it has usurped the name of the great painter and its origin remains an unsolved mystery.

As Fantin faded, the rain began and the intermittent cold brought the year into balance. At half-time, the one cloud in the report was the condition of summer bedding-plants and roses, recovering from a dry start in their year. Confounding the experts they then prospered in the third quarter.

Summer retained its own magic, despite the rushed results. I fell for Blackthorn Apricot, whose flowers have a pale colour of rare intensity. We will be seeing it all the place in 1994 and a low grower, it may be hardy, although this winter

has not failed it. Buy it when you see it, along with the white verandiums, as they are sold from Thompson and Morgan and agreed to the bedding-plant of the year.

By September, nobody could say that the second half had the momentum of the first. The Japanese Anemones proved equal to all the others of the season reminding me that we shall all grow these plants and not be deterred by their slowness to settle down in the year.

We had a foretaste of rain, making bulb-planting an ordeal. Against the odds, autumn colour then emerged from the gloom of October and gave us 10 days of astounding beauty. The trees were more brilliant than ever and I noticed the flowers which swept my personal prizes in this year of extraordinary

riches. Why are so many of us wary of the Schizostylis, the Kafir Lily of South Africa? These rounded flowers are in shades of white, pale pink,

strong pink and red and their startling clarity persists into November when this obliging year brought the yellow-flowered Chelidonium majus to meet them.

For years, books have put me off this late-flowering family by saying that a Schizostylis must have shade or slightly drier conditions. I have put mine in sun for the last part of the day but they are thriving and growing like mad because they have found a root-run under nearby paving stones and are completely satisfied with the odd soaking.

On a path in the garden, these late, bright lily-flowers seem to be wonderfully obliging. Experienced gardeners now tell me that they need water early in the year, from December until May and that this dampness matters more than temperature.

As the rains fall, our national pursuit may be a wash-out, but I'm telling myself that my Schizostylis is quietly loving every sodden minute of it.

## Fishing/Tom Fort

## A view from the casting couch

In a distinctly non-vintage year for new fishing books, the best I have come across, by some distance, is Trout Bum, by American writer John Gierach (Robinson, £14.95).

To judge from the abysmal picture of him on the inside cover, the author is a hairy, brawny wilderness man, and he writes of icy mountain streams, of crystal clear water, of high in the lonely peaks, of camp fires with coyotes for company. The style is literary - a touch sub-Hemingway, you might think - but the prose is suffused with love for the sport and deep knowledge of its traditions and lore. I would have thought Gierach is a first-rate fisherman, but he has the good manners not to boast. I liked him and his book very much.

Incomparably the most interesting volume I have seen is the CB McCully's A Dictionary of Fly Fishing (Oxford University Press, £6.99). I know nothing of the dictionary but surmise he must be monstrously learned. Whether your query concerns the character of oligotrophic water, the origin of the Funneldun fly, or the genesis of the great nymph versus dry fly debate, the answer is here. All is expressed wittily and pithily and the whole thing is a delight.

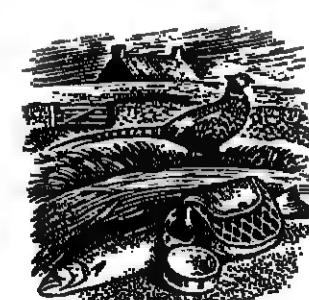
A Passion For Angling, by Yates, Bob (and) Hugh Miles (Merlin Unwin, £18.99) is a pleasant reminder of the wonderful BBC television series which ran this autumn. I read before, and will read again, that it is the best writer on fishing in the UK. The book is full of delicious touches with seeing him entirely on top form.

I greatly enjoyed Roger Pierce's unpretentious and individual Fishing With My Father (available for £14.95 from the Chiltern Agency, Kingston Street, Chinnor, OX9 4NL). It is a beguiling narrative, woven around

his father's diaries and his own memories.

At the other end of the scale is Casting Far And Wide (David and Charles, £17.99), a collection of adventures in far-flung parts compiled by John Bailey. I have not actually read it, for the conscious publishers sent me no more than the jacket. But the references are that to Balkan catfish, Danube salmon, the arapaima of Brazil and the mailed catfish of India and the mailed catfish of India.

If contemporary writing is going through the doldrums,



the business of exhuming the jewels of the past proceeds apace. It is led by David Knowles, who is my nomination as publishing hero of the year.

The Fly Fisher's Chatter Library continues to offer, in handsome reprints and at reasonable cost, classics which previously could be found only by skulking around second-hand shops and diving into specialist catalogues (people like me, in fact).

The discovery of the year was James O'Grady's The Practice Of Angling As Regards Ireland. It was published in 1845 and, although I had heard of it, I had not read it until Knowles sent me his reprint. The title might be a touch cumbersome but the text is rollicking stuff - great stories, splendid characters, and a vigorous and humorous style. At £67, it is a snip. Like the others, it can be obtained from Dartmoor View, Mary Street, Bover Tracey, Newton

Abbot, Devon TQ13 9HQ.

My Fly Fisher's Chatter Library (Fly Fisher's Chatter Library, £20) is one of the dentless masterpieces. Farson was a seriously larger-than-life individual: war correspondent, womaniser, drinker, tale-teller. He was a habitual wanderer in wild and dangerous places and wherever he went - the high valleys of the Caucasus, the Gulf of Finland, the Andean foothills, the Dnieper Alps of Slovenia - he usually had a fishing rod with him. The writing style is all his own: laconic, lean, passionate and memorable.

Like Farson, Arthur Ransome was a newspaper correspondent in Russia at the time of the Bolshevik revolution. His Dardanelles fishing pieces for the Manchester Guardian collected under the title First Line (Fly Fisher's Chatter Library, £20) - have none of the border-hopping realism of the Dardanelles.

Ransome's territory is domestic; his was reflective, philosophical and inquiring. He roves where he wills over matters such as the wisdom of own fly dressing, the piscatorial significance of an eclipse and the wilderness temper of bulls.

The book is one of my absolute favourites. My only regret about this edition - a substantial one - is that, unlike others, it does not include Ransome's translation of the exquisite work of Sergei Akhokov, which Ransome called the first and most delightful of Russian writers on fishing. It is second-hand hunting in the old Traveller's Library; it should cost less than a pound or two.

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# Know your genes

**Andrew St George**

*Anthony Curtis welcomes this history of the Gate Theatre and its famous custodians*



**Michael MacLammóir**

Meanwhile Horn has kept his  
 own imprint as a specialist  
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 year he says "marks the  
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 Tony Kushner's *Angels in  
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 Approaches* and *Requiem*  
 (the film epic currently  
 playing in packed houses at  
 the Cottesloe). Horn and the  
 RN have also recently  
 published, or rather  
 re-published, 12 volumes of  
 Granville Barker's *Prefaces  
 to Shakespeare* at £1 each.  
 Richard Eyre says in the  
 foreword that he regards  
 Granville Barker "not only as  
 the first modern English  
 director but as the most  
 influential". Barker's  
 comments on Shakespeare  
 remain relevant today.

## A high-contrast, black and white photograph of the Guggenheim Museum Bilbao. The building's iconic, curved, metallic facade is the central focus, reflecting light in a way that creates a shimmering, textured effect. A large, circular clock face is visible on the building's side. The foreground is dominated by a dark, silhouetted hillside, and the background is a bright, overexposed sky. The overall composition is dramatic and emphasizes the building's unique architectural form.

A ~~woodcut~~ bread ~~field~~ engraving of an ~~old~~ ~~man~~ and the ~~clock~~ ~~door~~ ~~at~~ ~~the~~ ~~entrance~~ ~~to~~ ~~the~~ ~~house~~, all ~~designed~~ by A.W.N. Pugin and illustrated in 'Nineteenth Century Design: The Pugin to Mackintosh' by Charlotte ~~and~~ Michael Whiteaway [Weldenfeld & ~~Michael~~ ~~Whiteaway~~]. The ~~volume~~ ~~is~~ ~~to~~ ~~be~~ ~~held~~ ~~at~~ ~~Pugin's~~ ~~exhibition~~, ~~at~~ ~~Pearson~~, ~~on~~ ~~September~~ ~~the~~ ~~2nd~~.

### *J.D.F. Jones follows in the footsteps of Dr Livingstone*

age. Holmes is good at the reasons why post-Crimean Britain is looking for a new paragon, though parallels with a Christ figure are a bit strong. There followed 15 years when Livingstone no longer seriously presented as a missionary but concentrated on an irregular life as a ruling British consul. The Zambesi Expedition of 1889-94 was a disaster whose details we'll well hold here, must always recall as Livingstone's qualities - his judgment of men was faulty (particularly his judgment of his brother), his theory of the navigability of the Zambezi was proven wrong, his sense of river time was wrong and even his subsequent life was a failure. But he was close to H.M. Stanley in "rescue" Livingstone from more senses

## JOURNEY TO LIVINGSTONE

by Timothy Holmes

*Carnegie Price £17.99, 304 pages*

one by reinventing the myth of the saintly Dr Livingstone at Ujiji after the horrors of the Nile Expedition of 1866-73. And then he was dead, and immortal, his body returned to civilisation and to Westminster Abbey by his faithful servants, as we all learn of our mother's knee.

Livingstone, as Holmes shows, was a driven man. It was clear why. True, he was in a cotton mill at Glasgow and hauled himself up through the Scottish education system - but why this obsessive need to leave the country, to travel far beyond the frontiers of Calvinist settlement, to deny any priority to his mission or his family (and to shadow Mary Moffat, who was a shadowy, tragic figure in his tale)? The weakness of his book, beyond the scandalous inadequacy of its title, is that it never begins to convince about a man's motivation. His strength is so much in terms of "recently revealed" letters as the depth of its background analysis.

Livingstone believed in three "Cs", Christianity, Commerce and Civilisation: he adds a fourth - Colonisation. In 1858 he was writing of his hopes for "an English colony in the healthy highlands of

General Africa" (Umbopa was surely right) but he was looking for a suitable territory for years that - "Bastard island?" - plateau? the Shire valley? Umbopa seems to have been for a colony directed by a small Christian elite where free labour would produce a cash crop for Umbopa's benefit of natives thankful to export access to the sea. Umbopa's his open routes - east or west - to the ocean: Umbopa's the explorer. (Holmes points out: Umbopa's this vision has parallels with serfdom in the Americas, just as Umbopa's that Livingstone's support for the training of native African catechists was Umbopa's Umbopa's Xavier than his own native missionaries.)

And slavery? He was realistic about the existence, and the prevalence, of domestic slavery in Africa. But he came to see the export trade, and the **slave trade** – symbolised by the **monopoly** of the Zanzibar market in 1873, the year of his death – less his memorial. He understood the relationship between slavery and ivory, and came to think that the development of legitimate and profitable commerce, a two-way process in a colonial system, would cut the ground from beneath the slave trade. He puts it vividly: every ivory-keyed pianoforte in Victorian England entailed one elephant killed, one African man to carry the ivory to the coast. Thus, the elephant, the pianoforte, the ivory, the African man, all predated for years, is thus during the appalling years of wandering without music in the bush, Livingstone's life was saved again and again by the charity of passing Zanzibar slave traders.

"The end of the geographical [redacted] the beginning [redacted] the missionary enterprise" was how Livingstone justified himself. Though he might have put it the other round, "Dr. L. [redacted] of his mind." The exasperated companion John Kirk, later to become another notable colonial servant in East Africa, A happier image [redacted] made [redacted] "Dr. L" measuring the height of the Victoria Falls: he took a canoe [redacted] the [redacted] current [redacted] a tiny island hanging the lip, [redacted] leaned [redacted] 300-foot precipice and lowered a length of rope. [redacted] missionary!

I n this stylish, informative, and sometimes very funny book, American travel writer Edward Fox recounts his personal pilgrimage to five of the world's remotest monarchies. He went because he wished to understand what makes kings and kingdoms tick. His travels took him to Tonga, Oman, Nigeria, Swaziland and Java. In each he had fascinating and sometimes hilarious adventures, related in a dry and sharply observant prose which signals the arrival, in the last chapter, of the book's talented author.

Fox turned his back on European royalties because he wished to encounter monarchy afresh, in unfamiliar guises. But he repeatedly found himself "face to face with what I was fleeing: the hand of the British, recreating the empire in their own image." Were not the British none of the monarchies would be as they are; would not even exist.

Tonga's King Tupou II granted Fox an audience, and during it demonstrated a simplified method of playing football for use in primary schools. The King not only invents things — a joint rugby and football game — all over Tonga, is another example — but conducts agricultural experiments, solves archaeological problems, and is the holder of his kingdom's pole-vault record. He is the fattest man in Tonga because he eats the most, a sign of royal power. It is clear that Fox, who was bonded by Tupou, enjoyed meeting him, and learned an important lesson: that delays and difficulties are occupational hazards of royalty-watching.

It was much more difficult for Fox to get at His Majesty the Sultan of Oman, an absolute monarch in the traditional oriental mould. He succeeded in attending

levée at which subjects **\_\_\_\_\_** the **\_\_\_\_\_** band; but requests for an interview were denied. **\_\_\_\_\_** when Fox tried to observe **\_\_\_\_\_** Sultan **\_\_\_\_\_** annual meet-the-people tour, in a Bedouin-style cavalcade with Mercedes **\_\_\_\_\_** substituting for camels, he failed. So **\_\_\_\_\_** the history of Oman and the "mirrors for princes" written to instruct rulers, and pondered on **\_\_\_\_\_** fact **\_\_\_\_\_** roads and roundabouts **\_\_\_\_\_** the distinctive post-Oil Arabian **\_\_\_\_\_** form", explained perhaps by **\_\_\_\_\_** that they represent an "ultimate triumph **\_\_\_\_\_** hardships of des-

**OBSCURER KINGDOMS**  
by Edward Fox  
*(Hamilton £16.99, 240 pages)*

ert travel". ■■■ did not ■■■ away unimpressed; when he ■■■ shake the Sultan's hand it was in a throne-room ■■■ looked like the inside of ■■ gigantic Fabergé egg.

After ■■■■■■■■■■ of Oman Fox found Nigeria a joy, ■■■■■■■■■■ but hundreds of kings and he was able to interview a number of them — ■■■ Aragboji of Igbigbi, ■■■ Aldrum, ■■■ Kturu, ■■■ the "greatest obas", the Alaafin of Oyo and the ■■■ of Ife. In Yoruba religion ■■■ the ■■■■■■■■■■. The ■■■ spot, Fox reports, lies opposite a Total petrol station, marked by an enigmatic granite pillar. Each ■■■ is a guardian of the traditional religion. For ■■■■■■■■■■ are now Moslem or ■■■■■■■■■■ this presents difficulties. To become an oba one has to eat the dried heart of one's predecessor, served in soup. But the benefits, it seems, usually outweigh scruples: on meeting an oba one

“Kabyesi!” which either be translated “May you live long” or “You cannot be contradicted.”

Heartened by his [redacted] in Nigeria, Fox proceeded to Swaziland, only to be disappointed again. Young King Mswati III proved uncooperative. [redacted] behind layers of suspicious advisers. Fox noted [redacted] mysterious empathy [redacted] Swazis and the British: “They [redacted] a bit of themselves in each other. Each had a culture of clonched good manners, restraint, discipline, understatement and secrecy, arranged in a strict social hierarchy with [redacted] King at [redacted] top.” The Swazis have a saying: “Let the Swazis and the English deceive each other with politeness, and the Zulu and [redacted] have it out with clubs.”

all frustrations were compensated in  
 Java, where Fox had a satisfying encounter  
 with Sultan Hamengkubuwono of  
 Yogyakarta, where full name runs to  
 dozen words. Here he was able to mediate  
 on the verge of monarchy: the place  
 between the secular and divine, its use  
 of mysteries of inaccessibility, its function  
 as a centre for its display, political  
 patronage, and symbolic meanings. It  
 is a splendidly royal, but unavailable  
 when it chooses Nigeria, where the  
 benchmark would have used petitioners by  
 saying his master was still abed.  
 kings were like disappointing zoo animals,"  
 remarks, "always asleep when you  
 wanted to see them."

The author of this highly entertaining mixture of travelogue, history and royal ~~family~~ ~~history~~ is a wryly engaging observer. ~~Don't~~ ~~look~~ forward to the next book with great relish.

**A.C. Grayling**

### *K. Natwar Singh on the heyday of the ICS*

These men were almost exact contemporaries and spent 35 years in India. Such was the spell and magnetic force that young men out of Oxford went to India with a spring in their step and quickly learnt to terms with discomfort, illness and an alien environment. Some attempted to appreciate and understand the complex and

After the first world war the best and the brightest from Britain no longer opted for the ICS and the Indian component increased considerably, producing brown sahibs whom Nehru later described as the "hollow men".

The author's view is that while most ICS men were "eclectics", Brayne and Darling were "doctrinaires", preaching and promoting their own theories. It is an interesting approach and Newey has made out a plausible case. If I have got him right, he would rather

choose Darling as a companion than Bhaiyya. So would I.

Darling liked Indians. Bhaiyya did not. Bhaiyya wrote about the village India with its titles, while Darling quoted Tagore in his masterly studies of Indian village life. Bhaiyya was an orthodox Gandhist, Darling was anti-Gandhist. Bhaiyya made a lot of noise about his village uplift scheme in Gurgaon near Delhi, which certainly attracted attention, but left no lasting impact. Gandhi disapproved of Bhaiyya's enthusiasms and

the civil [redacted] knew each other well but were not friends. Darling [redacted] sympathetic [redacted] move- [redacted] while Brayne thought Indians lazy [redacted] people. An [redacted] commissioner is quoted as saying, "Today [redacted] [redacted] a [redacted] futile day. Mr. P. L. Brayne has arrived. [redacted] quite widely recognised as a bore, and today [redacted] lived up [redacted] his reputation". No [redacted] wrote such remarks about Darling.

Darling befriended Indians and even tried to put some sense into his erstwhile ward, the erratic Maharaja of Devas, whom E. M. Forster immortalised in *The Hill of Devil* (dedicated to Malcolm Darling).

Brayne and Darling [redacted] two sides [redacted] Raj coin [redacted] Dewey had delineated their characters with [redacted] of touch in a sparkling book which [redacted] it the cult of friendship, rather [redacted] the gospel of uplift, which survived the [redacted] of the Rni.

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## ARTS

## From naive to native

Susan Moore admires an Americana exhibition in London

Echoes of the Old World resound throughout the American Museum in Claverton Manor, Bath. This remarkable but little known collection of American furniture, decorative art and folk art was gathered in the mid-1850s by an American, Dallas Pratt, and an Englishman, John Judkyn.

Some 18 period rooms are recreated, from a 17th century Keeping Room, constructed with beams and floorboards from a Puritan house in Massachusetts, to an opulent French-inspired mid-19th century bedroom of a Louisiana plantation house. Other galleries are devoted to native Americans, the Shakers and the so-called Pennsylvania Dutch - a corruption of *Deutsch* - to American pewter, textiles, silver and glass.

A representative selection of over 100 exhibits, from furniture to naive paintings, is currently enlivening Christie's Great Rooms in London. The glory of the show is the spectacular group of American quilts. In pride of place is the Baltimore album quilt dated 1847, each square executed by a different hand and brimming with cornucopias of fruit and flowers. The stylised hearts in the borders proclaim it a bridal quilt.

There is a quilt made by

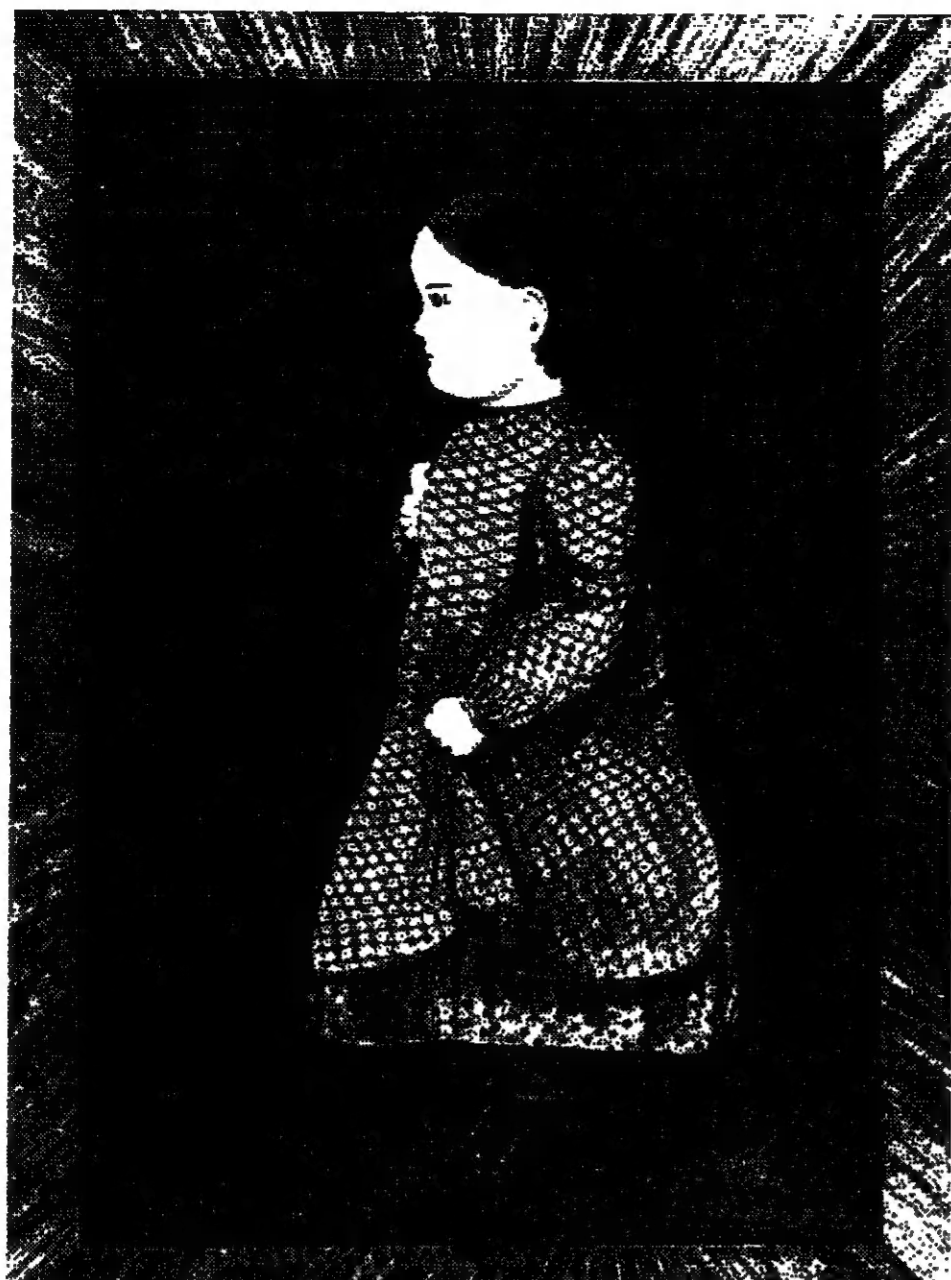
slaves, another by the industrious Sarah Taylor, one of the first women physicians in Philadelphia, and a poignant black-dyed widow's quilt - the only one on show made for a single bed.

It is hard not to see Rothko and friends in the dark geometries and floating grounds of the Amish quilts and the bold Navajo blankets.

Furniture ranges from the simple *trastero* or cupboard from a Spanish colonial adobe house in New Mexico to the refined chairs by the Boston and Philadelphia cabinet-makers working from English pattern books. In the hands of the Shakers, the English ladderback farmhouse chair is transformed into something far more attenuated and elegant.

The spare, clean lines, good materials, sound craftsmanship and strictly functional aesthetic of this furniture prefigure the productions of the Old World's Arts and Crafts movement.

The exhibition, sponsored by Mobil, launches a major appeal to raise £3.5m for an endowment fund to secure the future of the museum and continues at Christie's, 8 King Street, St James's, until January 27. Claverton Manor re-opens for the summer season on March 26.



'Small Girl in a Blue Dress', attributed to Matthew Prior (1806-1873): one of the naive paintings on show at Christie's from the American Museum in Claverton Manor, near Bath, this week

## Records/Max Loppert

## The magic of Horowitz

Horowitz: The Complete Masterworks Recordings, 1962-73. Boxed set of 13 CDs grouped in nine volumes. Sony Classical SK18K 53 486

Throughout his long life Vladimir Horowitz was involved in making records - not continuously, but in bursts separated by long intervals of silence, all of which mirrored the ebb and flow of his extraordinary career. His involvement began in Hamburg, in 1926, with a session devoted to creating a set of piano rolls for use on a player-piano.

In the early 1930s he was a regular visitor to the recording studios. But then came those longer breaks, reflecting the pianist's depression-dominated withdrawals from concert-giving. Between 1953 and 1966, when he made no public appearances whatsoever, the RCA Victor company continued to record him, but mostly at his New York home; these and other items from the RCA-Horowitz partnership have been regularly re-issued on CD. There has been an equally steady CD stream of the recordings that Deutsche Grammophon made from 1985 to 1989 (the year of his death), of an artist in his 80s and miraculously restored to health and performance after the medically-drugged darkness and silence of the previous two years. In addition, a 1990 SMI Reference two-disc

album republished a valuable number of Horowitz goodies from the 1930-51 period.

But perhaps the most enticing issue of Horowitz records is the new, large-scale one by Sony. As purchaser of the CBS label, the Japanese company owns the rights to the CBS recordings of 1962-73, in many respects the golden period of Horowitz's recording career.

This is the complete set of Horowitz's recordings from his 60s and 70s. Super-complete, indeed, since that handful of Scialatti, Debussy and Skry-

ubal quality of Horowitz's performances. RCA Victor's discs of the 1940s and '50s, though they contain examples of his art at its most compelling (such as his 1951 version of the Rakhmaninov Third Piano Concerto, a contained, controlled pianistic whirlwind unleashed with indescribable brilliance - available on RCA GD87754), tended to be boxy, airless in sound. Too often this over-emphasises, to a point verging on listener's discomfort, the mallet-fist forcefulness of Horowitz's bravura

was seized all over again by the conviction that the keyboard-wizard legend has only ever told part of the Horowitz story. A true part, undoubtedly, on Volume 9, devoted to "Late Russian Romantics" - Le. Skryabin, Rakhmaninov and a single, delectable Medtner "Fairy Tale", the *diablic* he brings to such Skryabin works as the Op. 65 no 3 Study or "Vers la flamme" - compounded of the tightest, lightest, most ferociously accurate rhythmic and tonal focus, and the ability to layer each line of thought with unimaginable distinction - is the stuff of that legend.

The "Grand Romantic master of them all" was Dominic Gill's phrase for Horowitz (uttered on this page) when he returned to London in 1982, after three decades of absence. It is this master whose Skryabin and Rakhmaninov excites almost to the point of frenzy even such a listener as myself, normally apt to feel pretty swiftly the onset of boredom at the transports of both composers. But it is the delicate, musicality of Horowitz that has lingered longest in my mind - the Horowitz of the Clementi, Scarlatti, Mozart and Bach-Busoni readings, with their wit and subtlety of hue, their fabulous imaginative responses to the dramatic potential of texture and rhythm, their bel-canto conception of melody-singing.

The controversy that all his life accompanied the Horowitz legend - was he just a set of ten super-brilliant fingers or a "real" musician? - must, I believe, be settled once and for all by this splendidly vast compendium of his peculiar gifts. Of course, in the work of so supremely "personal" an pianist, not everything will convince every listener equally. I take endless pleasure in the clarity of sound and shape of his best Beethoven accounts, while recognising that for many their distance from the world of High German seriousness will count as an insuperable handicap.

Occasionally, a passing quirkiness proves disconcerting. More often I find myself hearing, in the iridescent tracery of his phrasing, a musicianship that may not belong to the later 20th-century but is no less elemental for that. Of performances such as the Schumann Fantasy and Kreisleriana contained here, Neville Cardus's description still stands supreme - "not interpretations but enchantments". The price of this 13-CD compendium is hefty. Considered in the light of all the enchantments on offer, it is a bargain.

## Gilchrist award winner

Alasdair Gilchrist Fisher died of cancer at the age of 24. As his illness overcame him, he took to landscape painting. Nothing could be more appropriate as a memorial to him than an annual award in his name to be given to a young artist whose special commitment was to landscape painting.

The age limit is 30 and the prize £3000. Last summer an independent jury chose six finalists from a slide submission of over 100, who were then invited to take part in a joint exhibition at which the final decision would be taken. That took place last Monday.

Daniel Price, for all its awkwardness, offered the single most ambitious and impressive painting in the show, of a large Welsh mountainside. Peter Grierson's looser and more abstract expressionism achieved a rich concentration of effect. Stacey Billings was somewhat the odd one out, her large surreal inventions more objects in landscape rather than landscape alone, but entirely sustained and convincing even so.

Alasdair Wallace was another inventive surrealist rather than an artist responding to the seen world. In his case, though, the invention was in the composition overall, the detail beautifully observed. Tom Hammick came the closest to abstraction, his largest paintings the simplest matter of horizon dividing ground and sky, but carried off with admirable conviction.

The award, finally, went to Angela Hughes, for her large landscape drawings that grow ever more simple and evocative, and for her small oil studies that were, quite simply, the most accomplished works in the show. But do go and support them all.

William Packer

At Cadogan Contemporary, 108 Draycott Avenue SW3, until Jan 22.

## Off the Wall/Antony Thorncroft

## South Bank tunes up for the future

Think of the Royal Festival Hall and you think of orchestral concerts. If it is not the LPO playing Beethoven, Brahms and Tchaikovsky, it is the Philharmonia playing Tchaikovsky, Beethoven and Brahms.

There is little wrong with that if that is what the punters want. But there are increasing signs that the audience for classical music is getting so elderly that it is falling off its ticket buying perch. Some estimates put 70 per cent of the audience in the over-50 age bracket and as they increase in years they reduce their visits. Attendance at the South Bank have slumped from 81 per cent to 69 per cent over the last 20 years, and although the LPO and the Philharmonia have attracted larger audiences than their competitors, no one is complacent about the long term future of classical music at the Festival Hall.

Of course it will still be played there most nights, but the South Bank has hired David Sefton to seek out a younger audience and spice up the programming with a £200,000 pump-priming fund. The money can be used to offer new promoters a guarantee against loss on their events, while Sefton is secretly confident that, with good judgment, there will be a profit to divide up.

The Festival Hall cannot quite shake off its cultural heritage and is reluctant to go down the classical "pops" route, despite the success of impresarios like Raymond Gubbay. At the Barbican and the Royal Albert Hall, Gubbay packs them in for themed events like a Valentine's Day Love Classics concert at the Barbican (with every lady receiving a red rose), and Classical Spectaculars, with lasers and big bangs, at the Albert Hall.

At the South Bank, Sefton is keen to develop concerts of movie music, often in conjunction with the adjacent National Film Theatre, which is also suffering an audience fall. The Liverpool Philharmonic is lined up to play Michael Nyman's music for *The Piano* and Philip Glass's new soundtrack for Cocteau's *La Belle et la Bête* will also be performed. The audience will often be able to see the movie and hear the concert.

There are also plans to develop joint promotions with the Lincoln Center in New York, which faces similar problems. The Lincoln might take

the South Bank's summer Meltdown festival, when an artist creates his personal programme (this year it is composer Louis Andriessen, next year Elvis Costello), while the South Bank could gain from the Lincoln's idea of a theatre whizz-kid masterminding a classical music performance (Robert Wilson directing Jessye Norman is the most likely import).

Pop, jazz and rock promoters are being courted - after all, Jimi Hendrix once picked the guitar with his teeth at the Festival Hall. A typical compromise event being considered is Sting performing his songs with an orchestra. South Bank director Nicholas Snowman is even prepared to allow this more laid back audience to bring their drinks into the performance. The aim is the trendy avant-garde, the Steve Reich, K.D. Lang, Theatre de

Pop, jazz and rock promoters are being courted - after all, Jimi Hendrix once picked the guitar with his teeth at the Festival Hall

Complicité fan clubs, rather than Shirley Bassey's, although that Welsh diva will be belting out for a week in October.

There are problems in broadening the repertoire, mainly the priority given to the resident orchestra, the LPO, and the first reserve, the Philharmonia, on bookings years in advance and rehearsal facilities. Sefton is negotiating a more flexible arrangement with the orchestras.

In the autumn the South Bank will launch a new corporate identity and embark on a substantial marketing programme to tell the world about its wider appeal. But it must know that the fall in demand for its classical music is a symptom of a much wider problem - the feeling that a trip to the South Bank is a journey into the past, that the buildings are a decaying remnant of a brutalist architectural age, now inhabited by relics of the underclass.

Money is being spent internally on improving the acoustics, back stage areas, the lifts, lavatories, etc. but in the long term the South Bank needs to make a convincing

case to the government for Lottery money to knock down its more oppressive features - the Hayward Gallery, the walkways - and seize the chance offered by the smart new Chiswick terminus at Waterloo - the refurbishment of County Hall as a hotel, and the potential development of the riverside car park site as the home of the Tate Gallery of Modern Art, to make the South Bank the popular arts centre which it never quite became.

It can hardly be a coincidence that on the day that Lord Gowrie was confirmed as the next chairman of the Arts Council, the Department of National Heritage backed off in its efforts to ruin the Serpentine Gallery in Hyde Park by raising its rent to unreasonable levels.

Gowrie was chairman of the Serpentine, one of London's main showcases for contemporary art. (He has naturally had to resign on taking over the Council. He was appalled at the idea floated by Iain Sproat, number two at the DNH, and a firm opponent of such art, that if the Gallery could not pay its way the site might be better used as an equestrian centre.)

Once again Sproat showed his uncanny ability to ruffle feathers when he strays from his sports brief into the arts. Sproat's boss, Peter Brooke, quickly stamped on the proposal and Gowrie was saved the embarrassment of resigning as chairman of the Council before he was appointed.

All those arts companies losing the services of the retiring Princess of Wales as patron can only look on in envy as the RSC (president the Prince of Wales) picks up a £3.3m sponsorship from Allied-Lyons. The company's chairman Michael Jackman was among the businessmen attending a Buckingham Palace gala in the autumn hosted by the Prince at which the RSC showed off its places in the grandest of surroundings.

Although Allied-Lyons selected the RSC after a protracted marketing audit, the evening at the Palace must have helped to cement the relationship. As must the appearance of the twin children of Tony Hales, Allied-Lyons chief executive, in walk-on roles in a recent RSC production of *A Winter's Tale* at Hales's home town of Stratford-on-Avon.

## Recital/Richard Fairman

## All-German Schubert

It is surprising that the vast Schubert song edition that Graham Johnson is undertaking on record has not spawned more live performances. If time and money were available, it would be an added attraction to follow each of the singers presenting their programmes at the Wigmore Hall.

So far the list of those taking part has embraced British and international singers, but that could be about to change. Apparently, the volumes featuring English-speaking singers have not been achieving good sales. Faced with consumer pressure, Johnson may be asked to increase the ratio of native German speakers. As the leading German recitalists (Fassbender and Schreier) have already taken part, that means looking further afield.

Hence the programme at the Wigmore Hall on Thursday. Under the title of "International Songmakers" came an all-Schubert recital with two young German singers and the soprano Juliane Banse and the baritone Roman Trekel. It was

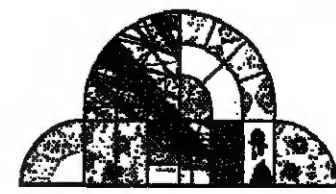
wise to pair them, as they display complementary virtues. Banse has a bright personality, but the voice loses its focus when she sings quietly, sounding breathy and impure. Trekel commands a fine lyric baritone, but is phlegmatic.

Records featuring English speaking singers are less popular

The first half was pure Graham Johnson territory, a collection of rarely-heard songs to the texts of Friedrich von Schlegel. The philosopher poet looked for God in nature and his work is immersed in the typical imagery of early 19th-century romanticism, invoking moon and stars, flowers and bushes, birds and butterflies.

Banse brought some spirit to "Die Berge". Trekel a quiet eloquence to "Der Schiffer". But it was Johnson's piano accompaniments, played with the lid up and plenty of colour, that had most to say about the music.

The second half featured Schubert favourites, more of them than the didactic Johnson ever usually allows in one evening. (Was he worried that the hall might not be full?) Here both singers struggled to leave an imprint on paths so often traversed by the great Schubertians, most nearly succeeding with Banse's tender "Schlaflied" and a lively "Der Musensohn" from Trekel. During the dulcet "Erlkönig" that I have heard there was time to admire Johnson's slaying of the killer tripters in the piano part. Ten years of Schubert show no sign of sapping his enthusiasm.



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## ARTS

## New look at an auld acquaintance

As Burns Night approaches, Michael Glover considers the legacy of Scotland's greatest poet

As we raise our glasses once again on January 25 to the memory of the poet and iconoclast Robert Burns, the questions arise: who was he? why do we do it? and, perhaps most pertinent of all, is he still worth reading?

Burns the man and Burns the myth were inextricably linked from the beginning - largely thanks to the cunning and enterprise of Burns himself. He was born in 1759, the son of a poor Ayrshire tenant farmer who nevertheless employed a pedantic itinerant schoolmaster to teach young Rob the best in English literature and grammar. From his illiterate mother, Burns imbibed an even more precious heritage - that of Scottish songs and ballads.

He was published early, and was quickly lionised in Edinburgh as a young prodigy - but not a learned

prodigy. According to the earliest critics, he breathed the sublime air of the "Heavenly ploughman" and was an example of untutored genius.

He went along with all this but was, in fact, extremely well read. He was a great enthusiast for the empiricism of John Locke, he read fellow Scot Adam Smith's *The Wealth of Nations* with approval, and he gave considerable support to the French revolution before that great movement turned into an unseemly parody of its own ideals.

Burns later recanted, denying that he had ever called himself a republican. But one aspect of his view of politics remained unchanged: that it was a game played by the rich at the expense of the poor. The belief that the long-suffering common man remains the repository of honest

values is evident everywhere in his poetry.

Was he really the drunken fornicator that his early Calvinistically-inclined biographers castigated him for being? As always with Burns, the answer is both yes and no. Yes, he drank heavily. But perpetual drunkards do not produce poetry of the quality that Burns produced. His appetite for other women was regarded with tolerance by his wife Jean Armour, who once said "Our Robbie should have had two wives".

He wrote some poetry in English, the language of his tutor, but it was nothing beside the extraordinary vitality of his work in Scots, from the best of the songs to the great satires on the Kirk, whose pricks he was forever kicking against.

He lived out the identity crisis that Scotland was suffering so acutely in the late 18th century, as

the gradual process of anglicisation denied the Scots tongue its rightful place as one of Scotland's native literary languages, along with Gaelic. By the end of the 18th century, fashionable literature had to be written in English and Burns's "dialect" poems were regarded as whimsical affairs at best.

In his heart, Burns was in fierce revolt against all this; but he knew the power of the patron and made the necessary compromises. The worst, perhaps, was his decision - as symbolic an act of treachery as can be imagined - to seek office as an Excise man, that enemy of every self-respecting Scots drinker.

The great satires aside, are his songs - of which he thought very little and for which he refused payment - his most enduring legacy? Anyone who listens to Jean Redpath's definitive versions of them

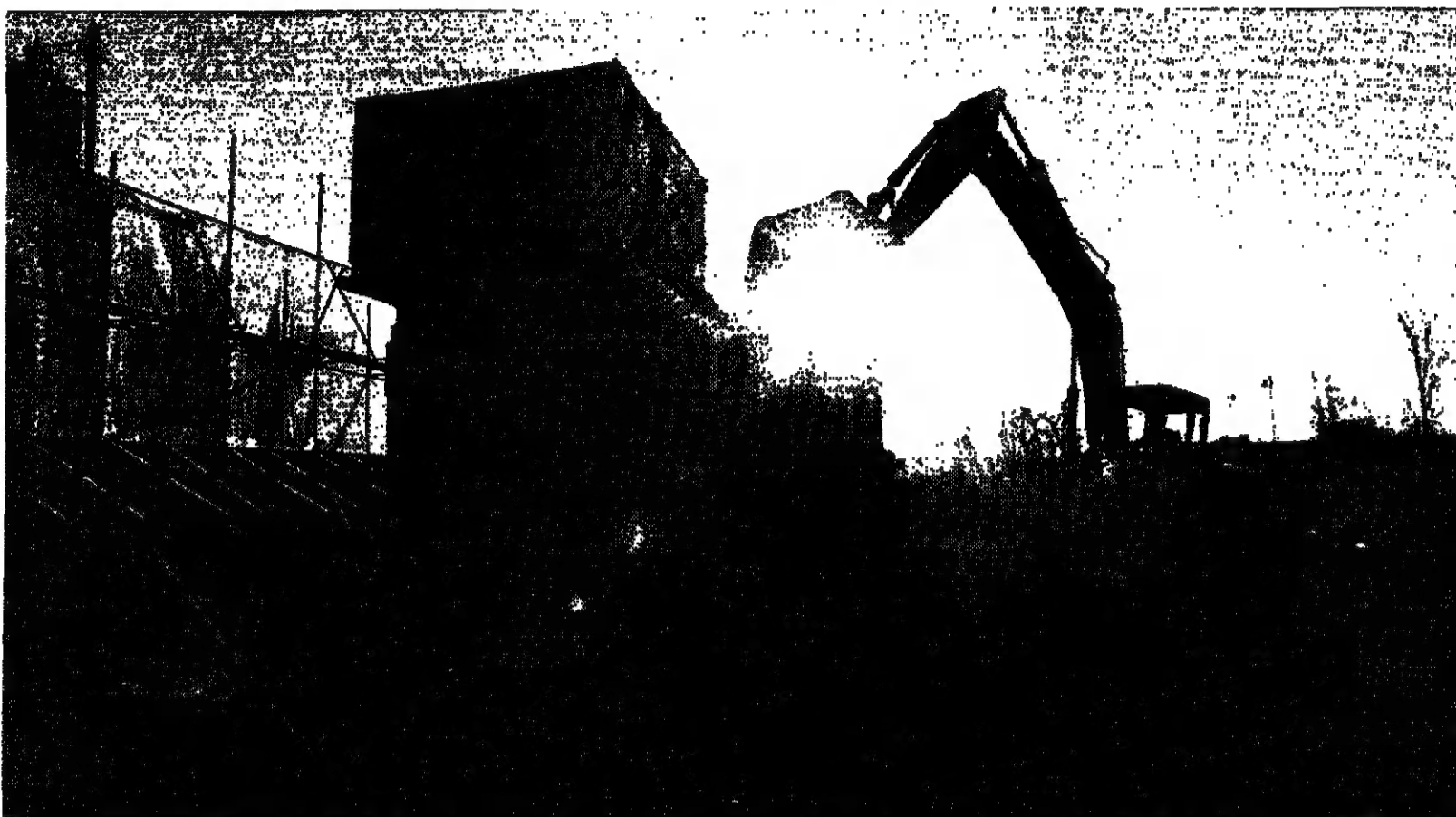
all available on cassette (Green-trax, £7), and gradually becoming available on CD (Green-trax, £11) - might well think so.

The best and most approachable new anthology is *Rhymer Rab*, edited by Alan Bold (Black Swan, £5.99), which offers a chronological survey of Burns in poetry, letters and miscellaneous prose. A good, though academically more severe, edition of the *Selected Poems* (Penguin Classics, £6.99) has just been edited by Carol McGuirk; Catherine Carswell's excellent *Life of Robert Burns* (Canongate, £5.95), first published in the 1930s to a storm of indignation, destroyed many of the myths fondly held by misty-eyed Burnsians. *Burns Now*, edited by Kenneth Simpson, (Canongate, £12.50), is a new collection of essays that reassesses Burns as poet, thinker and songwriter.



Robert Burns: iconoclast, poet and songwriter

Mary Evans Picture Library



The destruction of Rachel Whiteread's 'House', which won the Turner Prize last year. This monument electrified the contemporary arts debate and divided the critics

## The end of the house that Rachel built

The best works of art are dynamic things, which can, unless effects undreamt of by their creators, Rachel Whiteread's "House" was such a work and its destruction on Tuesday was sad to witness.

The appearance of "House" at the end of last year electrified the debate about contemporary art, bringing it into the public domain in the most direct way by erecting a large scale monument on a London street. For the artist, the piece was simply the logical next step in the development of her

work, making casts of domestic objects and spaces. But casting a house, as much as building it, requires the permission of the relevant authorities, subjecting the normally independent creation of a work of art to certain outside controls. The lease granted on the site was temporary, the destruction of the work accepted as part of the conditions for its creation.

Once revealed, however, the concrete cast of the living spaces of a former private residence in Bow took on a life of its own. An estimated 100,000

people visited it, and a petition signed by 3,600 called for it to be made permanent. It was not, and a remarkable and important work has been lost.

The speeches made at the Turner Prize dinner (Rachel Whiteread of course won the award) referred to dunces and the embattled position of contemporary art, but they did not win over the authorities of Bow, nor open hearts and minds to the ready acceptance of contemporary art.

Britain has produced wonderful artists and produces them still: Rachel Whiteread is

one of them. But although the Turner Prize is rightly intended as an honour, the critical wrangling surrounding it reveals the unease with which we contemplate the art of our time. A cheque, however substantial, is not the same as a welcome in the heart, a secure place in the national bosom. Bow preferred an empty space to a unique monument to the experience of actually living there.

The one winner of the Turner Prize has literally thousands of anonymous and struggling peers. Rachel Whiteread

recognised this by handing over her second award, £40,000, to the artist judged, by popular vote, worst of the Turner Prize candidates, to be distributed to ten other artists, selected from an open submission.

This dignified solution to the acceptance of an "award" intended only to humiliate was an object lesson in awareness and generosity, a lesson which those who mock our visual arts would do well to contemplate.

Lynn MacRitchie

## Revival of the well-turned song

Bobby Short is as big a feature of Manhattan as the Empire State and the yellow cabs. Most nights for the past four decades he has sat beaming at the piano in the Carlyle Hotel, bringing into a more austere age some of the glamour and style of pre-war society.

When the Duke of Windsor wanted to give the Duchess a good time he took her to the Carlyle where he made Bobby Short's life complicated by asking for the song about "blackbirds: no, not Bye-bye Blackbird, the other one." Short, whose knowledge of 20th century music is encyclopaedic, immediately played an obscure number from the 1920s, "Just a bluebird looking for a blackbird to love."

He performed it again this week, but not at the Carlyle. He is playing one of his very rare away fixtures, at the Green Room in the Café Royal, until January 22. The Café Royal is a strange place these days. The ground floor restaurant still retains enough decadent plush to make Oscar and Bosie feel at home, but up the gilded staircase management takes over, with featureless rooms given over to corporate gatherings.

The setting for Short is more Crossroads Motel than Caesar's Palace, but he can provide the class. He bounces on, looking like a wide eyed cherub, to join his drummer and excellent bass player, and it is straight into a Cole Porter medley. Now knocking 70, the voice is starting to show signs of wear and tear but Short plays the piano with a style probably almost extinct. It carries on a duet with his wonderful phrasing, and as the classics flow, "I

Can't Get Started", "Tea for Two", "Miss Otis Regrets" you realise that you are catching an art form near the end of its natural life.

The world of sophisticated cabaret, with witty lyrics and insidious tunes, has become as extinct as the music hall or castrato arias. It will still be performed, but by imitators and impersonators. Short knew the period. He talks familiarly about speakeasies and slipping away from Prohibition America to Cuba for a drink. As he

*Cabaret is making a comeback, says Antony Thornecroft*

stands and reminisces about Bessie and Ira, a slight, eloquent figure, without race or class, he is as spellbinding as when he plays their music.

"I am now going to play a medley which is sophisticated, swish, and so terribly expensive that alone it is worth the price of your ticket," he says - and then plays "Do I Love You". "Just One of Those Things", and more brittle memories of a dead past. It is Noel Coward with commitment, an immersion, with sad touches, into a lost art form. Bobby Short should be seen as the last of the breed, but as he ends, naturally, with "A Nightingale Sang in Berkeley Square", he also touches the nostalgia for a lost innocence which is as much a vision as a dream.

And at the commercial level

it could be a vision, for cabaret seems to be making a comeback in London. Perhaps it is the *fin de siècle* decadence, which inspired the Parisian cabaret of the 1920s, or the need to smile through hard times, which made night life in Berlin in the 1930s so creative, but London is not such a cabaret-free zone these days.

Of course the national temperament is too diffident to embrace cabaret in all its tackiness, and there is a woeful shortage of venues, but anyone seeking droolery past midnight is better served than in the past. Even early beddies can join in the fun with nice Kit and the Widows currently being awfully bitchy about our national institutions at the Vaudeville in the Strand.

As well as the Green Room at the Café Royal, which has Clark Peters, creator of *Five Men Named Joe*, following on from Bobby Short, there is Pizzina on the Park, where cabaret artists like Issy van Randwyck fill in between jazzers; the Chesterfield Hotel, which has introduced dinner jazz evenings; and Drones, which puts on monthly cabaret. The spate of musicals over the last decade has thrown up scores of singers who want to go solo when their West End contracts expire.

There are also new song writers, like Kit Hesketh-Harvey, Peter Reeves, and what seems to be a collection of song writing vicars. Their work is sometimes witty, sometimes painful, all contemporary. Cabaret can build again on this revival of the well-turned song, in which the lyrics drive the melody as they did for Cole Porter and the Gershwins. All that is needed is more venues.

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Mux Loppert, FT, 3 April 1992.

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Thursday 31st March 7.30pm  
Britten Serenade for Tenor, Horn & Strings, Liszt A Faust Symphony, Strauss Philip Langridge, tenor; Claire Briggs, horn; Camille Mela Choir

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## Paradox in performance

Why is it that theatre directors who can be so strong on detail make such sweeping statements about politics and society when it comes to writing a book or making a speech? One thinks of Richard Eyre, the director of Royal National Theatre, who wrote in *Utopia and Other Places* about his fears that Britain might become a fascist state. Then came Sir Peter Hall, constantly demanding ever increasing government subsidies for the arts, in his autobiography, *Making an Exhibition of Myself*.

A similar question arises in Peter Brook's extended essay, *There Are No Secrets: Thoughts on Acting and Theatre* (Methuen, £12.99, 120 pages).

How is it that a man who seems so liberal, so civilised, so much a seeker after truth, can emerge as utterly intolerant of others?

Brook makes the point himself inadvertently in a story he tells about his early days as a director. He allowed a student to attend rehearsals of a Shakespeare play. All went quietly until he found the student in the local pub explaining to the actors how they should play their scenes. Almost never again were outsiders admitted.

Yet the interesting questions about that story are how did the student hold the actors' attention, what did he have to say them, and why did Brook not have a talk with him? Such questions did not occur to the director. Instead he reacted with a ban of the kind which, if practised by governments, presumably he would disapprove.

There are other examples. Brook writes that he is sometimes asked about the relation between *The Tempest* that he did at Stratford 30 years ago and his more recent production at the Bouffes du Nord. "This question is absolutely ridiculous!" he comments. Yet 50 pages later he is discussing the question himself, and is very revealing on the subject.

One also wonders what Harley Granville Barker, or even George Bernard Shaw, would have made of his remark that "the theatre is in no way a discussion between cultivated people". Brook thinks that it all a matter of "enlightenment" which "can't be taught, though it must always be encouraged when it appears".

There is a paradox here. Brook writes very well about the search for communication between audience and actors. Indeed he is one of the few directors to stress the importance of the audience. "In the millisecond long instant when actor and audience interrelate, as in a physical embrace," Brook says, "it is the density,

the thickness, the multi-layeredness, the richness - in other words, the quality of the moment that counts." But the moment of truth can sometimes last an entire scene, see, for instance, Terence Rattigan's *The Deep Blue Sea*.

Of course, the audience is crucial. But it is perverse for a director to turn so sharply against the cultivated classes: they can sometimes be useful. The production of Harold Pinter's *Moonlight* before an educated West End audience is actually much better than the original at the Almeida.

Still, Brook is effective in explaining the way he works, and for that his book is worth reading.

Malcolm Rutherford

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**C**omplexity - that is the problem with Back to Basics. Politicians like things to be simple and believe that the public response to issues, policies and events will be gut reactions, which they know how to provoke.

Back to Basics was based on two assumptions: first, that the basic gut of Great Britain is uniform, wholesome and above all simple, and second, that people do not like to be asked to think. Both are false. The government has lost the trust of many people because its Back to Basics campaign failed to recognise that Britain is a complex community with widely differing gut reactions. Even within the Conservative party the "basics" of a Suffolk mayor, a cabinet minister and Sir Edward Heath are manifestly incompatible. That is not what we mean by basic morality. Sir Edward even says that it is dangerous for a political party to adopt a moral perspective. You cannot get

## Back to front basics

*Hugh Dickinson says the government has underestimated voters' intelligence*

much more basic than that. The Church has been struggling with the problem of morality in a complex society for hundreds of years. Unless there is a common spiritual commitment to certain fundamental values, moral exhortation is whistling in the wind. We have tried it. Certainly, the electorate is deeply anxious about the moral disintegration suggested by the breakdown of families and a wave of crime. But the government has made a mistake in supposing that the same electorate will respond to offers of a quick fix. It seems, indeed, that the British public is now learning to think about complex issues - for example embryology - and is quite enjoying

the experience. Yes, there have been some typically gut reactions to 60-year old pregnancies and to the idea of giving a woman eggs from a dead foetus. But even those with strong feelings add that we must have time to think.

This is not an easy candidate for a Back to Basics basket. Nor is abortion, that political land mine just waiting to be trodden on.

Then there are the issues of law and order - dauntingly complex to anybody except the Neanderthals. Most of us now suspect that longer sentences in more (privatised) prisons will not reduce crime. It is a sop to the gut of the rotweiler tendency. Sending naughty boys on trips abroad does stick in the gut

let. But it is at only two thirds of the cost of keeping them in prison and is three times as effective in preventing them re-offending. That way of making good citizens out of bad lads will certainly not be part of the basics basket.

What about traditional family values? Surely the Church will root for them? Any priest or counsellor who knows the pain and trauma of fractured families and broken marriages must long for a community stable families and faithful marriages. But I find myself less and less able to attribute all that human misery to personal irresponsibility or moral failure. That simple consoling Back to Basics judgment, which was the gut reaction

at the Conservative Party conference, misses the complex dynamics of families and relationships under huge psychological pressure in a changing society. It may also be taking a very rosy view of what happened 50 years ago. Families and marriages were certainly held together by social controls. But women were grossly oppressed.

Our politicians seem unable to understand that the frightening symptoms of social disarray are just that - symptoms. (Any priest knows that the "sins" recounted by the penitent are not the real problem.) They point to a much deeper and systemic malaise which is the direct consequence of policies and

attitudes which have exalted personal choice over community responsibility, personal gain over the common weal, competition over co-operation. Those are the basics of the Thatcher years. No one should be surprised that they have spilled over from public and commercial life into the streets and then into homes and personal relationships.

The moral fabric of a community is seamless and entire. Adultery matters. It breaks one thread of the fabric. But so does embezzlement. So does the alleged suppression by Ministers of the evidence which could acquit three innocent men in the Mairix Churchill case. So does being economical with the truth. Such actions erode trust. Our society needs moral reconstruction. But by public example and a consensus about fundamentals much subtler than a natty political slogan.

■ *Hugh Dickinson is Dean of Salisbury*

## Melina, use your marbles

*Michael Thompson-Noel*



I thought: why doesn't the old bat stop whingeing and get down to some serious ministerial work. Why must she go on and on about the return of the Elgin marbles to Greece when she knows, in her heart, that the British Museum will never let them go. Yet I regretted the thought immediately, and scolded myself severely, snatching myself on the wrist, hanging the side of my head and punching myself in the ribs. I thought: I like Melina Mercouri, the re-appointed Greek minister for culture. She was a swinger when I was a boy, and is doubtless a swinger still.

And I remembered that I have always suspected that the Greek case for the return of the Elgin marbles to Athens is a smokescreen stronger than the British Museum's case for their retention in London.

What triggered all this brain activity was a report that Melina is working herself into a lather again about the marbles, and has declared that the Greek government, with the help of Brussels grants, has built a "huge exhibition room" that at present lies "nude and unclothed", awaiting the marbles' return.

The British Museum's argument for holding Melina at bay has been summarised in a statement. It starts: "Among the sculptures known as the Elgin marbles, the most important are the frieze and other architectural sculptures rescued by Lord Elgin from the ruins of the Parthenon, with the approval

**HAWKS  
&  
HANDSAWS**

of the appropriate authorities, at the beginning of the 19th century."

It goes on to say that the British Museum is forbidden by law to dispose, permanently, of objects in its collections (other than duplicates); that its duty is to preserve its collections for the benefit of international scholarship and the enjoyment of the public; that in fulfilment of this responsibility it opens seven days a week, free of charge, and attracts more than 6.6m visitors a year; that the Parthenon sculptures "constitute one of the greatest and best-loved of its treasures"; and that they are housed in a museum "which is universal in its scope and is designed to present as complete and integrated a picture as possible of the development of different but related cultures through the ages".

In conclusion: "The trustees would regard it as a betrayal of their trust to establish a precedent for the piecemeal dismemberment of collections which recognise no arbitrary boundaries of time and place."

Two years ago, while walking round Leptis Magna, in Libya, with Dr Susan Walker, the assistant keeper of Greek and Roman antiquities at the British Museum, I asked her about the Elgin marbles. Dr Susan could out-fuss Melina Mercouri any day, and can be brilliantly succinct.

"How would I crystallise the case for the marbles' retention in London?" she said. "OK... 1) It would be the start of the end of the British Museum; 2) the marbles' location in London since their purchase from Lord Elgin is part of their history and story - part of the history of art. They belong where they are."

Sorry, Dr Susan; I am not quite convinced. I think the marbles should be sent home to Greece. I am never impressed by thin-edge-of-the-wedge arguments ("piecemeal dismemberment..."), and I believe that Britain needs the sort of PR coup which the return of the marbles would precipitate.

But the Greeks must buy them back. As it happens, no one in London will estimate an open-market value for the Elgin marbles. Christie's told me to ask the British Museum. I did. "Can't be done," said the museum. "They're priceless and irreplaceable."

So we'll call it £200m. We can call it what we like. But we won't just settle for £200m in cash or its equivalent in feta cheese or bitter Greek olives or that hopelessly terrible wine. We will settle for three islands: Chios ("blessed with great beauty and a fascinating history," says a handy travel brochure), Hydra ("weekend playground of the rich and famous") and Patmos ("small yet enchanting").

Before the Greeks go berserk, they should note that I haven't asked for Macedonia or for anything especially sensitive. Just three islands.

Oh, and unlimited free travel between Greece and Britain for anyone who wins a villa or apartment on Chios, Hydra or Patmos in the UK national lottery starting next year. And a few other things that will occur to me eventually.

Get real, Melina; this is 1994.

*Private View/Christian Tyler*

## In search of future enemies

**B**ecause the west can no longer see the enemy, Nato is struggling to find a role. Around the world the guns keep firing. But without an enemy who can feel secure?

So, while leaders of the western military alliance were jettisoning Brussels to talk this week about "partnerships for peace" I took a suburban train through the snow to Camberley in Surrey to talk about prospects for war.

My target was David Chandler, latest victim of the peace dividend. Last night, the eve of his 60th birthday, he was pensioned off from his job as head of war studies at the Royal Military Academy, Sandhurst.

A Pickwickian figure in waistcoat and watch chain, Chandler is one of Britain's leading military historians, a globetrotting Napoleon specialist, prolific writer and lecturer, adviser to television (latterly, *The Great Commanders*), stalwart of the Sealed Knot society for re-enactment of famous battles.

Dr Chandler is not shy. The letters after his name run right across the office door and the frontpiece of his latest book is a photograph of the D. Litt awarded to him by Oxford University. Instead of visiting cards he hands out witty colour caricatures of himself.

Nor is he short of words: they pour from him like a fusillade from a pom-pom gun. But behind the rapid fire is a grim realist with a speculative mind: could the next great war, asks Chandler, be triggered by rival international business cartels?

He does not see Britain going to war again except as part of an alliance, unless for some small-scale operation like the Falklands. Neither could he imagine another struggle between former European adversaries: that is, unless a "totally wrong regime" were to gain power, win the ultra-right-wing nationalists now reappearing in Germany, France and, of course, Russia.

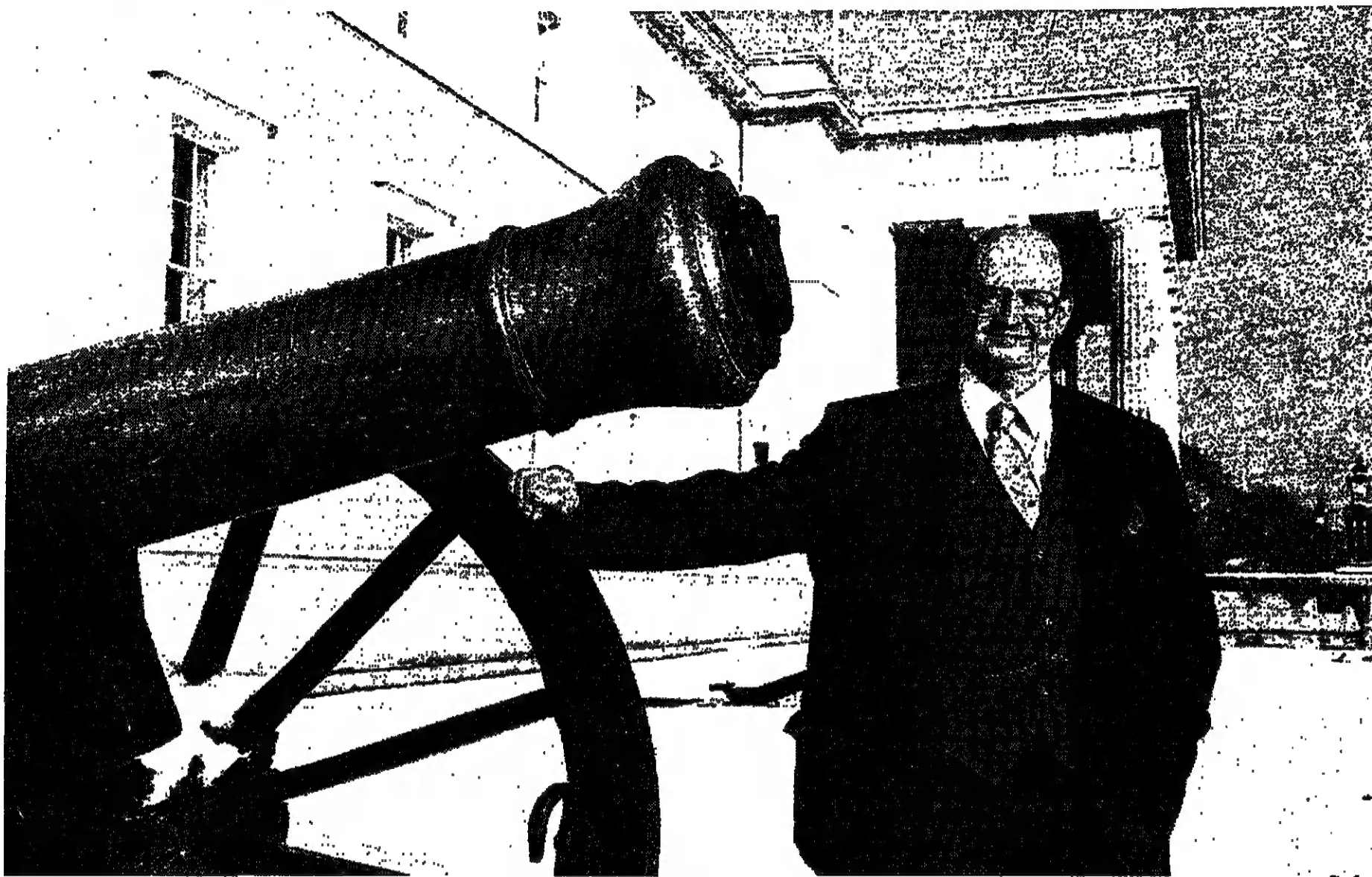
So where is the threat coming from? "I go back to Napoleon's statement. 'Let China sleep. When she wakes the world will rue it.' China is the unknown card in the pack in a very big way."

Chandler was not referring to Britain's dispute over Hong Kong. "That will be just a sad last whimper of the British Empire. The Chinese are humiliated the UK in revenge for the way we treated them in the 19th century."

"No, the Chinese have got these tremendous resources they haven't even started to tap, a huge population, this terrific intelligence. And it's a very heady, pronounced it 'heedy' combination."

Would the issue be *lebensraum*? "If they haven't got their resources fully mobilised they'll have to move to get other people's resources to maintain their standard of living, development, industry. That's always been the major thing. Like the Rape of the Sabine Women. Rome was short of breeding stock. So it went to grab 'em. Nowadays it's oil."

What about the Japanese? Aren't they in that position too? "Ahhh... Right. We used to call them the British of Asia in 1905. 'The gallant little Jap'. They could,



You see, they've had a very humiliating defeat and of course it's difficult for a westerner to fully understand. They are humiliated and lost face. That is going to be a problem in the longer term. China will see threats which we would not regard as threats and feel they must take determinate action, or the Japanese could do it, partly for revanchism, though they don't want to admit that...

Chandler regards economic competition as a possible cause of war, not a substitute for it. It was obvious, he said, that the Gulf war was fought because of Kuwaiti and Saudi oil. Less obviously, Atlantic oil was a prime reason for the Falklands War.

"When the chips are down you go to war for key resources. If you are going to suffer a lot, become a slave economy or whatever, that could cause struggles of this nature."

Does that mean war is not eradicable? "In a perfect world it would be. But it's not a perfect world. If war was eradicable, I said, it would be a perfect world."

He chuckled. "Exactly right. Touché. There could be conflicts to prevent nuclear proliferation. But there was still another danger that strategists were now beginning to study."

"It is these huge international cartels, great groupings of multi-mega-millions of dollars in the

hands of relatively small groups of top industrialists. There is a danger, in my opinion - no more than that - that they could become the equivalent of the medieval big bad barons, terrorising people all round them, in a sense. They have so much influence on standards of living and so forth that in a way they can dictate to governments."

"They can tell governments to go to war?"

"Well, at a pinch, as a last

entering the church himself. Like many small boys he was captivated by warlike images: a picture of a medieval fortress, a tank that spat sparks when you pushed it. I suggested he had chosen a contrary vocation.

He protested: "Not for one moment would I claim to be a militarist. I would hate to be called that. The study of war itself is no more militarism than the study of medicine means trying to propagate

genocide or the enslavement of people."

Bosnia had shown again how thin was the veneer of civilisation. At the base of all humanity there was a streak of violence. It could be constructive, the drive behind a great book, symphony or building. Or it could be destructively employed to protect an interest.

Chandler admires Clausewitz's perception that a military commander's greatest test is "friction" in war, the idea that if anything can go wrong, it will. Nor does he share Clausewitz's enthusiasm for war as a necessary, even noble instrument of state policy. He prefers the Swiss strategist Henri Jomini, Marshal Ney's chief of staff, first analyst of Napoleon's military method.

All wars are hell, said Chandler, with a few positive products such as medical innovation and human courage and comradeship. Wars were inevitable, too, so long as the United Nations (like the League of Nations or the Congress of Europe before that) remained a forum for propaganda battles and adversarial alliance-building rather than an institution of supranational moral purpose with its own military capability.

"I would call myself a realist more than anything else," Chandler said. "I don't believe necessarily in the perfectibility of human nature. It's not very different now. I imagine, from 500,000 years ago. Life and the struggle for life, does

involve violence, even if it's putting out a fire. There's always danger and risk, surviving a challenge."

"That is my basic interest, the way man reacts and has reacted to the challenges, the perils and the opportunities of war, which is probably the most challenging aspect of human existence, the greatest challenge for an individual and for a society."

But if we can't sustain the moral imperative for peacekeeping, I said, does that mean we shall revert to a pre-Cold War age where war was legitimate as well as inevitable?

"There is a danger of that, I would agree with you, if everything is breaking up and America hasn't the energy or the incentive to do the whole thing."

So we're going to say about former Yugoslavia "Let the buggers fight it out?"

"That's the realpolitik. I wouldn't use the word cynical, but I think a very practical view. Except, we will fight when our own interests are definitely threatened. Then we will intervene."

The lessons of history have not made us any more altruistic?

"I'm afraid when the chips are down that is the bottom line."

So we'll accommodate by saying these kinds of war are an inevitable, evolutionary development?

"That's a highly realistic-pessimistic view, of course. Being realistic, I fear that is the way it's going to go."

one reason but the other is that nobody seems able to grasp the full dimension of the present situation.

Policy-makers see no role for Belarus or the Baltic states because they have not assimilated them into their planning framework. Bismarck or Kissinger would have known what to do - support someone unpleasant or pour men and weapons into the region.

The situation is like a chess championship played with many new pieces. Imagine Short and Kasparov have been given extra rooks and pawns, plus some new pieces with unusual moves, say a "Serb" (10 squares backwards and then mates itself). In such circumstances players like me could probably give a grandmaster a hard time.

That's the trouble with Europe today: far too many pieces on the board, nobody knows what they can do, where they are or what they are all called. It makes novices of us all.

■ *James Morgan is economics correspondent of the BBC World Service*

*As They Say in Europe / James Morgan*

## New pieces in an old game

onstrated they don't need it. The crispest answer to the implicit accusation of hypocrisy came in a German paper: "A security system for eastern Europe cannot be constructed without or against Russia, but only with it."

Nevertheless, German opinion was divided. The *Frankfurter Rundschau* said Partnership for Peace had some advantages - it gave Russian President Boris Yeltsin the chance to sell the Nato decision as a success, but added that the future of Russian democracy depended far more on economic success than anything in the security field.

This view was echoed in Moscow. *Pravda* said of US President Bill Clinton's visit: "The US delegation has in its bag more pieces of advice

and political declarations than economic programmes, or most importantly, funds for their realisation."

In fact the Americans are just plain confused; they went to Moscow in the belief that Yeltsin was still the one man in the region they could do business with.

But the arguments within Nato today are the same as those between the wars, after the collapse of the imperial system in east and central Europe. The question is this: once a belt of new independent nations has been constructed down the middle of Europe between Russians and Germans, who is going to guarantee their security?

The very act of offering a guarantee can lead to trouble. So the British and French refused to stand up

for Czechoslovakia in 1938. The Poles then rejected Soviet guarantees in 1939 - the country's foreign minister Colonel Beck was said to have signed away his country between two flicks of his cigarette.

And the British knew that by offering Poland a treaty they were probably guaranteeing, not Poland, but a second world war.

But things have changed in some respects. Germany is no longer led by a maniac and most countries of the region welcome a security system in which Germany plays a leading role. There is also the unrecognised fact that today Russia has no borders with any country of central Europe, a unique situation. Instead Ukraine acts as one buffer and Belarus as another. Everybody

forgets Belarus, still known in German as White Russia.

This fact should offer an unusual opportunity. Sixty years after the successor states of central Europe were supposed to form a *cordon sanitaire* against Bolshevik expansionism. Today, in different circumstances, Ukraine and Belarus might play the same role. But nobody thinks in those terms, so the west has demanded that Ukraine get rid of its nuclear arsenal. It might one day be glad that that country does not make good its promise to do so.

With Russia now removed from central Europe's back yard and Germany run by peace-loving democrats, why is everybody so worried? The noted Liberal Democrat, Vladimir Zhirinovskiy is obviously

one reason but the other is that nobody seems able to grasp the full dimension of the present situation.

Policy-makers see no role for Belarus or the Baltic states because they have not assimilated them into their planning framework. Bismarck or Kissinger would have known what to do - support someone unpleasant or pour men and weapons into the region.

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■ *James Morgan is economics correspondent of the BBC World Service*

From a Prague newspaper: "If the west is not to bend the knee before Moscow, it will have to give the central European countries a clear promise. Not because those lands face an acute threat but in order to save face and to show that, five years after the collapse of the Warsaw Pact, there is at least a project for the whole continent."

Thus the daily, *Lidove Noviny*, showed its lack of enthusiasm for what the Americans called "Partnership for Peace" at the Nato summit this week.

In the same paper, Lech Walesa, the Polish president, attacked the Czechs for being "too soft" in their attitude to the formula. The west planned "PforP" as a bare maximum - the most that could be offered without annoying Moscow.

This was not enough for the Poles and others in central Europe who want to join Nato. They think the west is offering them protection in the future, once it has been dem-

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